

**UNIVERSITY OF VAASA**  
**FACULTY OF PHILOSOPHY**

Alina Shevelina

**AN IMPACT OF NATIONAL CULTURAL CHARACTERISTICS ON PUBLIC  
MANAGEMENT IN THE RUSSIAN FEDERATION**

Attempts to modernize the Public Sector

Master's Thesis in  
Public management

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**UNIVERSITY OF VAASA****Faculty of Philosophy**

<b>Author:</b>	Alina Shevelina	
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**ABSTRACT:**

One of the most important tasks of public administration is to improve the functioning of executive authorities. The increase of efficiency and effectiveness of public administration depends on a rational choice of approaches and methods made by professional public managers in order to create right conditions for successful and effective implementation of strategic changes in public services sector.

Administrative reform implements changes to public administration system through modernizing management processes and structural characteristics of the state and political institutions as well by means of modifying the nature of relations between government and civil society in general. Crucial changes in the field of administrative reform should take into account many parameters that directly or indirectly affect the process of functioning of state bodies and relations within all units involved into the reformation. Cultural, historical, national and other characteristics are integral components in any decision-making process related to public administration field. These components should be considered when analysing strategic directions from the perspective of both government as a supplier of public services and civil society as the service consumer.

The research methods that have been used in the paper is qualitative. Descriptive-interpretive qualitative method is selected as the research method with the view to demonstrate how the historical and cultural national characteristics could make a crucial impact to the ongoing processes of transformation of the state administrative system and integration of New Public Management reforms in the Russian Federation. The data for the research was gathered from various sources such as history literature, state regulations, statistical figures from the official National Funds of the Russian Federation and others.

The main part the paper evaluates the background of large-scale transformations of the Russian administrative system since the second half of the 20<sup>th</sup> century till the present time. It also consolidates the final methods the modern government address when trying to stabilize the administrative management processes. Furthermore, the research describes which factors have influenced the formation of the modern administrative apparatus and how the civil society perceives the development of the administrative reform starting from the late 1990s when the Government adopted the course to democratization and market economy.

In conclusion, no positive result can be achieved when the process of change builds upon a forced and chaotic manner, furthermore when the used resources do not meet the requirements of estimate outcomes. The process of change should be gradual and sequential, as well as be able to conform to the technical, material, temporal and cultural specifics.

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**KEYWORDS:** Corruption, Culture, Management, Public Administration, Reform





## 1. INTRODUCTION

Last quarter of the 20th century, beginning of the 21st was an important period for seeking for optimal models of public administration, which resulted in conducting administrative reforms first in the Western countries and then in other parts of the world. The need for serious transformation of traditional government systems can be explained as due to socio-economic reasons like formation of post-industrial society, globalization processes, global economic competition along with the development of civil society and the rule of law.

In other words, the necessity to proceed to administrative reforms is caused by a number of objective reasons, which, in turn, would oblige the government to correspond to the level of complexity and functionality of the social system. Thus, administrative reforms are an instrument for adapting the state to the changing conditions of the environment. In this regard, the essence of administrative reform cannot be linked to resolving immediate operational tasks aimed at increasing the effectiveness of public administration. On the contrary, it should be founded on a theoretical groundwork that embraces the ideological and cultural features of the society and state authorized institutions.

New comprehension of the nature of the State as well as the relations between the state and society calls to leave behind traditional bureaucratic principles, forms and management methods practiced in the past. The studies in the field of public management demonstrated the great importance of the quality of public administration towards ensuring public welfare (Weber 1978; Hood 1991; Pollitt 2011; Barzeley 2001). According to the World Economic Forum Report (2015: 18), “an effective state...is central to economic and social development”. At the same time, researchers in the field of administrative management pay great attention to the concept of efficiency by distinguishing it from the notion of the ability to make confident actions in public administration and reform.

*“Capability, as applied to states, is the ability to undertake and promote collective actions efficiently such as law and order, public health, and basic*

*infrastructure; effectiveness is a result of using that capability to meet society's demand for those goods. A state may be capable but not very effective if its capability is not used in society's interest.” (World Economic Forum 2015: 22.)*

There are many ways to proceed to establishment of the effective state and they are practically depending on each individual case. The Western countries proposed their own recipe that took the form of two management concepts - New Public Management and Good Governance, which founded the ground of the modern Western administrative reform. In the late 20<sup>th</sup> century The Russian Federation also proclaimed the need for fundamental changes in the field of administrative sector. Several years of administrative reform in modern Russia have shown its strengths and weaknesses, and also made it possible to clarify which factors create impediments to adapting pro-western model of governance.

### 1.1. Research questions and objectives

The objective of this paper is to examine the relationship of cultural identity and methods of public administration. In order to achieve the objective, the author will study the impact of cultural characteristics and historical background on the establishment of market-oriented system of administrative governance within a quarter of a century after the collapse of the communist regime. Following this, the main question of the research was derived: How the key characteristics of the Russian culture are affecting public management in the Russian Federation?

For more detailed research, the question was split into 3 sub-questions:

1. What are the key cultural characteristics to major extent constitute the politico-administrative style of governance in the Russian Federation?
2. Is there any typical Russian way of organizing and managing the public sector?
3. How successful has the Russian government been in modernizing public sector since the change was proclaimed?

With the view to answer the questions, the author will introduce various theories on the field of cultural identities, public administration as well as provide with an historical overview to the formation of ruling elites and public system of administrative authorities. The empirical part of the thesis will be focused on the features and methods of the administrative management approved after several attempts to reform the public sector.

## 1.2. Research methods

For the purpose of responding to the questions posed in the previous passage, a qualitative research method will be chosen. Qualitative method is based on a semantic interpretation of data. The method is aiming at studying the widest possible range of opinions, it enables to disclose the most complete picture of the situation and analyse interrelationships of the phenomenon under the case of study (Vaus 2002: 5).

*“Qualitative methods are often regarded as providing rich data about real life people and situations and being more able to make sense of behaviour and to understand behaviour within its wider context.” (Vaus 2002: 5.)*

Descriptive and interpretive qualitative research methods have been chosen to proceed to a deeper understanding of the phenomenon examined in the thesis. The method is designed to answer the questions “why”, “how” and “what”, focusing on the conditions within the context of real-life situations. The advantages of this method are that they allow capturing the complexity of data and variety of information so the phenomenon can be studied in greater levels of depth (Nargundkar 2003: 40).

The case study approach also implemented in this study is used in order to broaden the perception of an issue in its natural context. The approach favours to understanding and explaining causal links among series of events under various circumstances (Stake 1995: xi).

From the point of view of cultural and historical influences on the present time situation in the modern governance in the Russian Federation, these research methods are the most suitable for investigating alleged causal relationships between ingrained forms of the administrative management and prevailing characteristics of the social conscience.

### 1.3. Structure of the research

Since the objectives of the research cover a fairly wide range of issues, the approach to the empirical part will be presented in a form of theoretical introduction to numerous concepts of the public management and the position of cultural consciousness at the group level.

The thesis will be divided into several chapters, which will be focused on a specific subject of study. The second chapter will be dedicated to cultural perspectives. The third chapter will introduce the social status of organizations and institutions. Chapter number four will cover such aspects as dependency of a systemic development on the internal and external socio-cultural factors. The last chapter of the theoretical part will provide an overview on various forms of public administration and crucial impacts on the establishment of trustful environment to or within administrative bodies. Chapter six will be devoted to the empirical part, i.e. case study, which will be built upon the development of public management in the Russian Federation. Conclusion as a final chapter will combine main points of the study and reflect the derived results.

## 2. CULTURE

The concept of human culture and cultural differences is fundamental in any type of social cultural studies. Culture can be determined as "social continuity" or knowledge gained in the process of living within time and particular society. Culture can also mean nationality and be associated with such terms as "tradition" and "socio cultural system". Culture is a core attribute for human social behaviour, characterized through habits, customs and established institutions.

### 2.1. Definition of Culture

The word culture proceeds from Latin language and refers to cultivating and agriculture. A new concept was derived centuries later, when the general sense of the term acquired broader and intellectual meaning of "process of development". The second stream of taking the idea further away from its original roots was making it oriented towards human effort to outperform its natural disposition. It resulted in a new ethical concept of acknowledgement of human abilities, skills, and experiences shared within members of a single environment. Recognition of certain traditions, rules, orders, values and beliefs formed the basis of collectiveness and creation of social groups (Eagleton 2016: 2-3).

Weber claimed (1991: 72), social groups possess various set of values that make them differentiate from each other and be recognizable. Such annotations as uniqueness and distinctiveness began to appear in various interpretations of the term. Basic definition of culture as human art of leaving stated in the 18<sup>th</sup> century had developed into more complex structural composition, where the culture was aiming at individualization and segregation of particular collective formations (Eagleton 2016: 5-6).

According to Parsons, the follower of Weber's theory on social action, culture should not be exclusively perceived as a symbolic system of meanings embedded in the traditional ideas; it shall be viewed as part of system of actions. The concept of social action is described in a sequence of four interrelated functions (AGIL-paradigm):

Collective adaptation to a single environment through common set of goals that rely on solid and binding values and maintained by mediate social systems (Parsons 1970: 26-30).

In the 20<sup>th</sup> century, social psychologist Geert Hofstede continued working on the subject of cultural system and aligned it with the mental programming on different levels. It was assumed that on the individual level each mind set is programmed in a way that similar situation would provoke almost identical reactions. Hofstede (2001: 2-3) claimed, mental programming of each person is unique, though it can be shared among others when talking about one social environment. According to the author, social programming distinguishes three different levels. Besides an individual (concerns only individual personality), mental programming can be applied to collective (certain category of people using one language and observing specific traditions), and universal (general knowledge of humanity in regards to particular actions and feelings). Culture is viewed as

*“Collective programming of the mind that distinguishes members of one group or category of people from another... The mind stands for the head, heart and hands – that is, for thinking, feeling and acting, with consequences for beliefs, attitudes, and skills.”* (Hofstede 2001: 9-10.)

On the other hand, culture cannot be just a vessel for values and beliefs taking for granted. It also makes a big impact on people's perception of reality and changes in such. Studying culture and structural components explains why members of social groups choose one particular way of action over another when reacting on social, political and economic environments. Culture itself does not undergo any crucial changes, as the system of values is relatively stable to resist interventions. Changes rather affect forms in which culture is represented including institutional structures where the culture is maintained (Hofstede 2001: 11).

In line with Hofstede, Niklas Luhmann (1995: 295) emphasize on such an ability of culture as providing with orientation when decision-making is needed, meaning that the culture possesses the function of social memory which coordinates human actions.

## 2.2. Individual and group value orientations

Professor Shalom Schwartz (1999: 25-26) makes an assumption that values exist in order to guide social actors through the processes of selectiveness and evaluation of actions over time and across situations. Professor distinguishes two types of value emphases. The first one refers to individual values that focus mainly on personality and logic that coordinates person's existence in social system, such as autonomy, stimulation, hedonism, achievement and power. The second refers to collective set of values oriented at universalism, benevolence, tradition, conformity and security.

Values apply the requirements and establish priorities practically in every social act where individual is involved in. Values are the central set of attributes which individual refers to when looking for motivation along with making decisions and determining the goals (Schwartz 2000: 467-468).

Schwartz believes (2000: 469-471) that in the value analysis the individual and cultural levels are conceptually linked. First of all, value priorities at the institutional level should be derived considering the natural dynamics of values at the individual, which reflects the basic needs of people. Otherwise, individuals would not be able to operate within social institutions. Secondly, socialization leads to the internalization of values among members of society. Experience of compatibility or conflict between certain values is achieved by giving priorities to the values that are supported or denied by members of a group or society.

Culture value orientations represent the goals and objectives enclosed in society and aim at explaining the actions that members of this society select to achieve their desires. Cultural orientations refer to combination of issues that arise when members of the society collaborate in a view of working on a common good. Besides, the concept investigates the opposite values that might be involved while analysing the relevance of goals within time (Schwartz 2000: 465, 485).

Embeddedness vs. Autonomy: The value focuses on the idea of how far the person associates him/herself with the community; does the feeling of being self-sufficient and expressing own feelings and cultivating own qualities is stronger than staying behind the collective mind and order, which shares the principal of identification through the group and represents very close social relations. Autonomy is divided into Affective autonomy, which fundamentals lay in the tendency of individual to experience only positive emotions; Intellectual autonomy in its turn is based on potentials to be intellectually independent when seeking for ways of self-realisation (Schwartz 2006: 140-142).

Egalitarianism vs. Hierarchy: Equality in society is the main principal, contribution to everyone's welfare by erasing social layers. Morality and members engagement into providing mutual benefit becomes essential such as the concern about that it is a free choice of each one. Opposite to that hierarchy cultures state for building relations according to distribution of power from top to bottom and as a consequence unproportioned allocations of rights and goods among subordinates and their leaders. Social relations rely upon social status (Schwartz 2006: 140-142).

Harmony vs. Mastery: The difference between these two concepts founds on peoples' understanding and perception of what the natural and social environment offers to them. Adaptation to conditions goes either through acceptance and appreciation or implementation of changes and exploitation with the view to attaining either individual or collective goals. Alternative ideas on the main principals of social construction have always been a starting point for conflicts. Bipolar values create problems on the social level and thereby lead to misunderstanding, mistreatment and major cultural, social or political problems (Schwartz 2006: 140-142).

The idea of this theory is to understand what are the cultural deviations as well as what are the values that the modern world encloses in the term culture.



### 2.3. Culture mapping

The concept developed by Schwartz in regards to cultural formations differs significantly from Hofstede resolution on cultural dimensions. Hofstede estimates the cultural dimensions as independent orthogonal factors, his model methodology relates to empirical observations, and in majority of cases to labour values. Hofstede's cultural dimensions are continuous, when Schwartz's dimensions are bipolar.

Schwartz (2008: 44) initiates the idea of the circular motivational continuum that reflects the structural and meaningful relationships between related cultural values that correspond to behaviours and social-arrangements. Value dimensions were divided into seven cultural profiles which were subsequently reflected in the matrix of cultural distances between all pairs of groups (Figure 1). These distances are calculated according to the aggregated principals of absolute differences between the groups.



Figure 1. Dimensions of culture value orientations (Schwartz 2006: 142)



	Harmony	Embeddedness	Hierarchy	Mastery	Affective Autonomy	Intellectual Autonomy	Egalitarianism
Finland	4.34	3.37	1.8	3.66	3.96	4.93	4.9
Russia	3.9	3.81	2.72	3.96	3.51	4.3	4.38

Table 1. The 7 Schwartz cultural value orientation scores (Schwartz 2008)

Under the influence of the cultural characteristics, the communist model in the 20<sup>th</sup> century was transformed into a totalitarian regime, setting the goal of the state, in particular the ruling elite, over the welfare of the population. Russia possesses a great natural wealth, by using which the government is trying to recover the counties' economic position. Natural resources inspire people to build the economy around exploitation of natural resources, while the developed counties aim to invest in innovations, which result in the incensement of productivity and intellectual autonomy (Yasin 2008: 26).

Individuals record in their memory a certain amount of knowledge, ideas and beliefs that are involved into the process of perceiving or rejecting information coming from outside. These features play a role of filters, which according to individual values criteria separate useful from harmful, good from bad. Selected information as such has an impact on individual's or group's behaviour. Filters are located at different levels: public opinion, understandings, arrangements and values. The first two filters are variables under the influence of educational, mass media and other factors. Values, in their turn, are the barriers to diffusion of incentives for a cultural change (Schwartz 2008: 28).

Culture favours to establish the relations between the members of society, including the relations of equality and inequality, domination and subordination. Changes in perception and attitudes occur when information is assimilated by majority of members of society, meaning that the value system does not reject it. Nevertheless, innovations

are not easily accepted, as they have to break through habitual patterns. A complete modification of culture does not have to be an only possible scenario, as it can cause the loss of cultural identity. Cultures shall aim at partial changes in their value orientations with the aim of a better and faster integration to globalization (Yasin 2004: 28).

Cultural value orientations do not stay behind each single individual; they demonstrate the functioning of social system, creation of ideological soil as well as harmonization of various processes. The data on cultural orientations aids to establish causal relationship between culture and important social phenomenon.

#### 2.4. Social dimensions

National culture besides affecting a development of social values also shapes management norms of public and private organizations. Dutch scholar Geert Hofstede derived measurable units that enable to describe mental peculiarities of each society, that later lead to formation of national culture.

Globalization enforced political and business world to transform courses of countries' development. Although cultural boundaries have also contributed in formation of ideas and informal rules of performing in market and public sectors. For the first time the evaluation of cultural dimensions of Russia according to Hofstede's model was carried in 1980s. Later in 2006 the study was repeated by the Russian professor Naumov from Moscow State University, who based the measurements on the same methodology as well as on the historical approach.

According to Hofstede, mental programming is a sustainable variable within members of one social group. Predictability of human's behaviour results in a creation of social systems, where in similar situations people with high probability can demonstrate similar attitudes. Hofstede's model of cultural differences consists of five dimensions which were implemented for measuring cultural values: Power Distance, Collectivism

vs. Individualism, Masculinity vs. Femininity, Uncertainty Avoidance, Long-Term vs. Short-Term Orientation (Hofstede 2001: 2, 9, 28).

1. Power distance defines the assent of hierarchical chains bottoms with unequal distribution of power.
2. Collectivism versus individualism is a degree to measure peoples' ability to gather into larger groups in order to give preferences to in-group's goals and needs rather than one-self's. Beliefs shared within one cultural group members are more preferred than beliefs emphasized on individualistic benefits.
3. Masculinity and femininity refers to the domination of gender qualities in society: focus on winning or searching for compromise, rivalry vs. equality, etc.
4. Uncertainty avoidance deals with ambiguous and uncertain situations. Intension of a society to take control over majority of procedures. In case of high-uncertainty avoidance, the preference is given to issuing regulations, establishing rules in order to structure and predict people's interactions (Hofstede 2001:145-147).
5. Long-term orientation versus Short-term, refers to willingness to delay short-term success or gratification expecting to receive bigger and more significant benefits in future.

#### 2.4.1. Parameters of the Russian culture according to Hofstede model

Studying the Russian culture, sociologists argue about what it is to be part of a group for Russian people. According to his research the main ideas consist in getting a collective protection through a group than to promote a collective idea. Preservation of individualistic values is an inherent feature of the Russian culture, although it does not interfere with an idea of following group norms (Naumov & Petrovskaja 2008: 78).

Last results measured by using Hofstede's model on Cultural dimensions showed that society in comparison with 2001 (39 point on Individualism scale) started to aim to Collectivization (36 points in 2006). The explanation of this phenomenon lies in the level of inequality of income on the one hand and historical background caused by Perestroika reforms on the other. Within years government could not meet basic needs

of the population that resulted in unification of citizen on the basis of a gap between the rich and the poor. The perception of collectivism among Russian society acquired formal and artificial features based on ideas to complaining together than defending common interests (Naumov & Petrovskaja 2008: 78).

Tendency of the Russian culture to masculine gender originates in distribution of roles between men and women, besides ideological views on running business, when the outcomes used to depend on personal connections and privileged access to information and resources. From 36 points in 2001 the index in 2006 increased to 48, which can be explained in attenuation of civil society and uncertainty of national projects as well as social orientation (Naumov & Petrovskaja 2008: 80).

Globalization and orientation to Western model management increased the Power distance index to 33 points relating to 93 derived by Hofstede in 2001. Recently conducted reforms assured people in political and economic stabilization together with decentralization of power. Nevertheless, the Russian labour model got used to high power distance due to vertically structured hierarchical system. Ethical norms at a work place created for everybody, frequently are avoided by top managers; that automatically encourages the subordinates to adopt same norms of conduct. Top managers are seen as inviolable highest authorities, criticizing which is not recommended in order to save the job position or avoid punishments (Naumov & Petrovskaja 2008: 83-84).

The level of Uncertainty avoidance within several years has undergone noticeable changes; in 2006 it drop to 70 points from 95 in 2001. The phenomenon may be explained as due to implementation of western business standards into Russian management procedures, although the high uncertainty avoidance rate is still evident. In accordance to Naumov and Petrovskaja (2008: 82) it depends on a power distance level, when cultures are either in need or saturated with rules to facilitate the control and prevent from abuse of power.

Long-Term orientation slowly changed to the opposite cultural value orientation; 62 point in 2006 and 81 back in first years of implementation of new public management

techniques. The answer is enclosed in the country's legislation incompleteness in financial, economic and labour fields, as well as individualistic values to evade a law with a purpose to generate an additional profit. "Business is seen as a tool to capture, gain profit quickly and hide it from the state" (Naumov & Petrovskaja 2008: 85-86).

Principles of constructing Russian mentality lay in a variety of nations gathered under "one roof". In 1900<sup>th</sup> Soviet government united over 10 states in one empirical union and for over 90 years political activity was led by representatives of Russian, Georgian and Armenian cultures. Studies in national characteristic features preliminary focused on Tsar's and Bolshevik's periods, when cultural formation became completed. The attitude of Russian people were defined as committed to excessive collectivism, apathy, suspicion, pessimism, craving to cheating, fickleness in work motivation and self-insolation. (Lewis 2006: 372).

During centuries theses collective unconsciousness played to government's advantage thanks to people's submission and patience, especially in terms of autocratic regime. Specificity of Russian culture is also enclosed in the country's territorial space and climatic conditions, which made population in various parts of the country to feel abandoned and vulnerable in face of nature and social difficulties. In order to survive people were easily leaded by the will of authorities (Lewis 2006: 375-377).

In spite of big influence of globalization and new public management models, Russian business and management culture is still conserve some features of centralization of management functions and application of directive management techniques.

## 2.5. Values and organization

Interrelations between values are blurred; they are not always inconsistent, on the contrary they imply a required balance, thus establishing an optimal equilibrium. Culture and social structure influence one another. Cultural orientations originate from the structural apparatus of society and provide the leaders, controlling social

institutions, purposes of their activities and arguments to support these activities. Success of the social institutions reinforces cultural values consistent with their activity. Failure of the social institutions leads to losing legitimacy of associated with their activity values and justifies extension of the alternative (Schwartz 2009: 138-139).

Recognition or adaption of institutional and organizational values on individual levels would be the most probable answer to the question about continues existence of certain cultural systems. Individual values in any way affect the distribution of ideas within the organizations; the greater is similarity of certain values among the members of one organization, the bigger is probability to establish common objectives by means of implementation of single type of methods (Schwartz 2009: 141).

National culture is slowly modifying under the influence of institutional and organizational value tendencies (Figure 3). Globalization and universal value orientations penetrate through the filters into the depths of the traditional cultural visions and partially adapt them to international benchmarks.

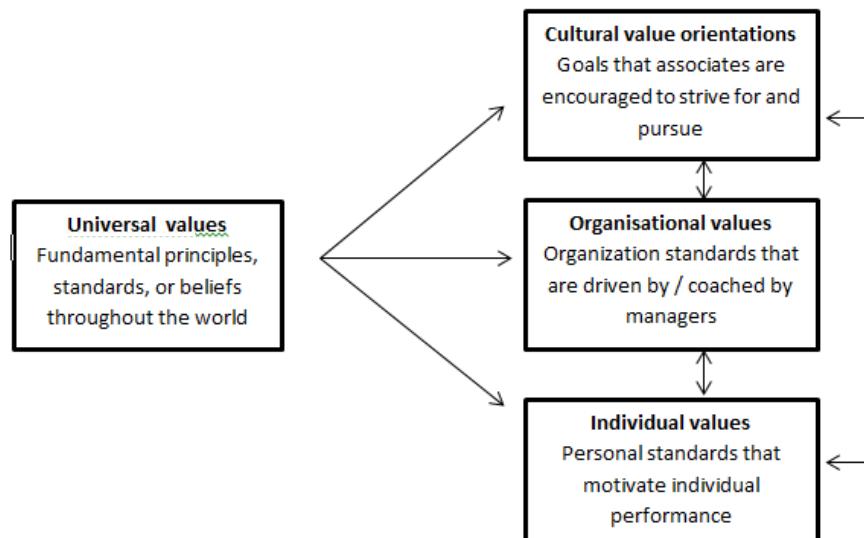


Figure 3. Interaction of values (Schwartz 2008 & Hofstede 2001)



Political system is an aspect of the social structure which is tightly connected to the culture. Bribery and corruption are directly dependent on cultural orientations and hierarchy. The more culture emphasizes on the identification with its own group and performing duties in accordance to hierarchic social order, the more corruption spreads within the country (Hofstede 2001: 116). Rational managerial mind set is suppressed by exalting certain people, usually leaders, or clan in general. Research conducted by Kohn and Schooler (1982:1281-1282) showed that the more control and pressure is imposed, the less autonomy and creativity indicators were found in the ethnic group of society.

Exploitation of resources for economic development prevails over the development of natural resources and protection of peoples' welfare, whose interests are in conflict. Competitive relations are characterized by pursuit of ones interests and increase of individual benefits. This type of economy corresponds to a high level of mastery and a low of harmony. Competitive economy conforms to the hierarchical cultures, opposed to harmony; unequal distribution of resources is achieved by increasing own revenues to the detriment of others. A strong orientation toward mastery values, especially in the area of economic development under the condition of omniparity can contribute to democratization of the political sector and social institutions. Competitive economy rather destroys than creates freedom. Strong dependence on external expectations deprives people of the opportunity to cultivate their own interest; this contradicts intellectual autonomy (Lebedeva 2008: 84-85).

Cultural value orientations do not stay behind each single individual; they demonstrate the functioning of social system, creation of ideological soil as well as harmonization of various processes. The data on cultural orientations aids to establish causal relationship between culture and important social phenomenon.

### 3. ORGANIZATIONS AND INSTITUTIONS

Institutions are inevitable parts of our lives. Institutions by means of coercive regulate people's behaviour in accordance with socially accepted norms. Weber (1978: 548) considered institutions as public agencies founded on rational stipulations which must be obeyed by individuals in the society. The source of reproduction of public institutions does not proceed from a basic compliance with the norms and laws; it originates from a generally recognized legitimacy of institutions. Cognitive grounds of the political order are rather built upon practices and traditions than social liabilities.

#### 3.1. Organizations as social systems

Neo-institutionalism is a theory that interprets political institutions in terms of interactions of formal and informal rules of the game. Special attention draws upon value orientations as well as stereotypes and procedures that affect the policy (North 1990).

Richard Scott (2000: 12) defines institutions as multifaceted, durable, social structures made upon symbolic elements, social activities and human relational resources. Institutions themselves rely on relatively stable set of rules and organizational practices inherent in their structures, values and resources. Institutions are relatively invariant under a change of actors, resistant to specific preferences, expectations and external environmental influences. Corporative behaviour of actors is shaped under the prescribed rules of standards and practices due to the fact that institutions are socially-based structures, they tightly depend on the history and culture, since the meaning of their existence retraces to the purpose of life and vectors of human nature development (March & Olsen 1984: 738, 741).

*"Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence they structure incentives in human exchange, whether political, social, or economic. Institutional change shapes the way societies evolve through time and hence is the key to understanding historical change."* (North 1990: 3.)

The theory of rational choice, which places the rational individual into the centre of social system, indicates on his ability to choose the best scenario (the strategy) for activity, relying absolutely on his personal preferences considering the profit and loss calculation results. Institutions in this context take on the role of regulations for human interactions and arrangements which reduce the level of uncertainty and transactional costs. Institutions adjust external boundaries for individual behaviour, acting in this sense as regulatory frameworks (North 1990: 3-4, 17).

Sociological approach to neo-institutionalism is associated with an emphasis on self-organization of social structures, norms and practices. Greater emphasis is placed on the problem of aggregation and articulation of social group interests, meaning the values and attitudes of the mass. Collective decisions are not a simple sum of individual decisions. Along with decision-making of individual and social group levels, Institutions make a great impact on guiding aggregating interests to certain directions (Scott 2000: 33-34).

Historical institutionalism defines institutions as formal and informal procedures, norms and agreements, deeply rooted in the organizational structure of the political systems. Initial choices have a profound influence on subsequent political decisions. Institutes provide rather a long-term continuity than innovations. Power and political interests became a desired objective. The interests are formed collectively by actors and institutions that bear the traces of their history (Scott 2000: 32-33).

### 3.2. Organizations and legitimacy

Sociological theory of organization suggests perceiving the actors as those who do not know their rational interests, in other words, cognitively dependent. Being limited in time and information drives actors to follow same procedures, routines and procedural scenarios.

The concept of institutional isomorphism advanced by DiMaggio and Powell (1983: 150-152) defines a number of mechanisms, which implies a struggle for political power, legitimacy and social compliance:

1. Coercive Isomorphism is associated with political influence and legitimacy, an impact of other organizations including own standards, procedures and laws on institutions from other social structures. Coercive isomorphism is caused by both formal and informal pressure that is asserted on subordinated organizations. Such pressure may be perceived as brute force that is resulted in persuasion or collusion.
2. Mimetic Processes is characterized by provision of standard answers to uncertainty, tendencies to borrow other organizations management models and technologies, contradictory goals, unstable social environment.
3. Normative Pressures are caused by professional, social or moral commitments. The key point is to consolidate the actors into a professional group for the planning, development and modernization of various structures and laws in political systems. This principal can be also defined as a collective struggle among the actors of organizational environment or occupational groups for control and attempts to legitimate their professional interests.

Institutions decide upon a political development, they determine regularity and predictability of behaviour along with a choice of alternative political projects. If a policy responds to the sustainable democratic nature, then institutionalization leads to the rationalization of authority and conventional participation of civil society in politics. In case of authoritarian policy social participation in politics becomes limited as well as spheres of public life poorly demarcated. Low political institutionalization is possible either in the traditional society (low level of involvement and participation of civil society in politics) or in the process of transition and modernization (high level of involvement). Institutionalization indicates the stability, repeatability and routine of political practices. Institution can be defined as a stable political model characterized by particular social behaviour and interactions (Huntington 2004: 12).

The non-western political process (Pye 1958: 470-472), devoted to Russia, describes the political organization as a system of not defined boundaries between areas of public life, including a social split in understanding of the basic political objectives and policy

tools, a preponderance of voices of elites when decision-making, a gap between words and actions of the political actors, sharp differences of political orientations in society and emotional perception of the political actions, etc. Thus, the power and influence of political institutions is explained by their degree of correlation with the traditions accepted in society.

### 3.3. Ruling elites

The classic definition of institutions as rules of the game derived by D. North (1990), draws attention on the duality of institutions: their ability to regulate human activities within certain limits, thereby reducing uncertainty and meeting the needs of the individuals and organizations. These activities define a wide range of relationships between individuals, including those within the ruling elite, including the rules for internal recruitment, as well as the rules limiting areas of influence and standards for exchanging the information (Ostrom 1986: 15-16).

The theory of social stratification (Weber 1978: 935) refers to the social inequality prevailed in the course of historical development. According to it, some groups of people were endowed with more resources than others, mainly political resources. The theory of social stratification defines the ruling elite as a key subject of politics. Ruling elite is a team with a high level of cohesion that differs from others by its nature of being a decision-making centre, and abilities to influence the direction of social and political development.

Russian political sociologists characterize political elite as a number of specific features that directly affect the activities to change the institutional structure. Informal practices or the process of informal institutionalization is understood as a "stable type of political behaviour that is expressed in a certain system of a collective action" and recorded in minds of the participants as the tendency to a definite way of perceiving the reality and in connection to that choosing respectively narrow set of actions (Kasamara & Maksimenkova 2013: 46).

*"In contrast to formal institutions, informal institutions are the product of a spontaneous evolution of society along with a free choice of institutional standards made by the parties of a transaction."* (Libman 2006: 54.)

Arthur Bentley (2008: 240, 332) advanced the idea that the group is a basic unit of society and politics should be seen as a process and result of interaction between different groups of interest. Under the group Bentley sees such an "association of men", which should be considered not as an abstract physical unit of society, but an activity of the "whole". Common interest forms the basis of existence and provides with the objectives for the group's activities. Individual political beliefs and interests have practical value only by the extent to which they are fused with political opinions and interests of the entire group. Political society poses a constant conflict between different groups that stand for their interests. In order to subordinate to the will, social forces driven by the ideas of political groups, are seeking for methods to control and influence political and administrative institutions.

Russian sociologists see the potentials of ruling elite in performing general stabilization and control over the social system. This group shall aim at developing and transmitting basic principles, including the rules for society and its members individually, committing to maintain them by implementing various types of sanctions. Besides, this group is assigned to control main social resources by distributing them accordingly to interests of both, the society and their own. (Duka 2008: 146.)

### 3.3.1. Formation of the ruling elite in the Russian Federation

Formation of "new" ruling elite is inextricably linked to transformation of the social structure. There are two basic theories describing the formation of the ruling society. The first is associated with the idea of reproduction of elites, formulated in number of Eastern European studies. According to this theory, during the transition to the post-communist societies a certain part of the governmental staff succeeded to "convert" their former political capital to economic capital, thereby becoming the class of large owners (new bourgeoisie), gaining political strength and saving the elite positions (Steen & Gelman 2003: 82-83).

Following this scenario, it can be expected that despite the collapse of the communist regime and changing nature of the social inequality, many people who used to form the class of elites back in the past, will continue holding privileged positions in the new society (Steen & Gelman 2003: 109).

Former bureaucracy uses internal mechanisms such as close personal contacts with the aim to remain the elite status. This conversion was prevalent among post-communist countries especially during the process of privatization of state properties. Government officials at central and regional levels who managed to build their careers in politics due to the membership in the Communist Party, were given with the exclusive rights to decide whether or not to privatize the state-owned enterprise, to whom and at what price. Quite often these same officials obtained either the controlling set of stocks or large cash rewards for contribution to successful bargain (Duka 2008: 133).

Another theory on ruling elites is related to the idea of circulation of elites (Pareto 1963: 1548-1549). The idea is rooted in the fundamental social transformation in former socialist countries, which will result in the total substitution of elite. Formation of the "new" elite is caused by restoring previous rights to the third and the fourth generation of the bourgeoisie, which after the Second World War (even earlier in Russia) and the establishment of the Soviet system in Eastern Europe was expelled from their positions due to compelled emigration or acts of forcible-proletarianization. However, such a way of formatting the "new" elite has not committed in any of the post-communist countries.

The main characteristics of the social political development of Russia lie in the specificity of national mentality and political culture, which determined the nature of the national elite formation mechanisms. A major impact on the formation of the Russian elite and the development of its functioning systems proceeds from the geographical position, as the country is located between European and Asian continents. Two opposite socio-cultural types laid the foundation of a dualistic culture of the political leadership. Vast territories inhabited by different people belonging to different religions, ethnic groups and cultures, determine the need to establish a single,

centralized power and consolidate the model of authoritarian government (Lewis 2006: 375-377).

Most authors see a genetic link between modern political elite of Russia and former Soviet nomenklatura, which in comparison to other post-communist societies of Eastern Europe, has not undergone radical rotation during the systemic reforms. As a sequence, modern ruling elite inherited a number of characteristics from the Soviet government, which in its turn prevent democratization of political institutions and proper functioning of the market economy (Duka 2008: 133).

The critical times of 1980-1990 have not brought any revolutionary changes and the idea of perestroika has not been accomplished in terms of adopting new methods of the political control and state management. There was no possibility to raise fundamentally different political mentality, but the opposition as such did not exist in the Soviet Union, moreover even the ideas of creating new elite did not occur for many decades (Duka 2008: 133).

During the post-Soviet period there was a big discrepancy between the traditional understanding of elite and the real possession of political power. Being part of a team or community or holding a financial status used to ensure the entry to political circles. This criteria indicates on a low competence of a significant number of officials; the corruption mechanisms that were embedded to whole political system resulted in official's unwillingness to develop professionally. This situation was provoked due to the weakness of civil society, lack of civil control over the activities of the ruling elite. In fact, the elite recruitment process became an internal function of the ruling political elite; formation and renewal of elite membership turned into the self-reproduction of the ruling class (Duka 2008: 135).

The complexity of situation on the governmental levels is characterized by preserving same expert and management membership; additionally majority of present political and executive leaders completed their degree education in schools of security forces, therefore focus mainly on the loyalty to the leader and are endowed with a particular



style of thinking towards execution of their duties, thus developing new corporate values (Duka 2008: 135).

For centuries the traditions of the Russian authorities were established under the monopolistic influence of authoritarianism and bureaucracy. In comparison to European bureaucracy formed on the legal and professional principles and values, the Eurasian bureaucracy tends to traditionalism, orientation to patterns and hierarchy. Due to vertical alignment of power, the development of the political system is obstructed, especially in terms of meeting the requirements of new challenges of globalization and new public management reforms. (Duka 2008: 134).

Russian political process of the last decades does not comply with an appropriate level of governance which would correspond to challenges of globalization. In its turn, Russian political elite is increasing the requirements for management efficiency and quality management conforming to a new bureaucratic system, whereas serious discrepancies between political ambitions and the level of professional qualities have been identified (Duka 2008: 140).

However, the only possibility to predict the success of the political elite actions in the process of changing institutions, is objectively evaluate the range of resources available for realization of their strategic plans and intentions. The abilities of the ruling elite to use a variety of resources: information, organizational, structural in order to consolidate its ruling position, determine the stability of the elite group.

The only way to rectify the political situation and modify the essence of political elite from profit business organization back to institutional guarantor, is to increase the level of governmental transparency, develop objective criteria of elite groups of society and strengthen the public control over the formation of the ruling elite (Duka 2008: 144).

#### 4. SOCIAL AND POLITICAL RELATIONS

The relationship among members of one society goes through establishing social networks and interactions. By building communities people create valuable assets that make them believe in particular set of norms that characterize community as a single unit.

##### 4.1. System-environment relations

Globalization is a key to the general development of any sector of political, economic and social lives. Globalization encourages the governments to start changing processes in order to replace unpopular obsolete reforms with new modernized ones that correspond to people's expectations, aimed to public good as well as survival in conditions of global competitiveness.

*Globalization is a rapidly developing process of complex interconnections between societies, cultures, institutions and individuals world-wide. It is a social process which involves a compression of time and space, shrinking distances through a dramatic reduction in the time taken - either physically or representationally – to cross them, so making the world seem smaller and in a certain sense bringing human beings closer to one another. (Tomlinson 1999: 165.)*

Globalisation as a phenomenon provides with a wide number of opportunities in order to progress in constructing a welfare society, although it does not guarantee an equal success to each state, which is taking this way. Historical, cultural or legislative background in some cases is a formidable obstacle on the way to change that originates in governmental bodies or society's mass consciousness (Dunleavy & Hood, 1994:10).

Nation –States are always standing at the edge of deciding either shifting the policies and political actions in favour of global purposes or actual practices. Functional models inherent in the globalization processes is a theoretical product of potential opportunities aimed at reorganization and development, but not a final product ready to be

implemented into the social and governmental processes of different social-political institutions (Meyer & Rowan 1997: 145).

Seems fair to assert that the state is the result of historical, economic, political and foreign policy of a particular society focused on creating a rigid political framework that ensures territorial, institutional and functional unity, besides its own authorized body and the national political system. Globalization, in its turn, does not claim to abandon sovereignty and establish a single world state; it aims to change the prerogatives of the nation-state through allocating and distributing the world culture by implementing these values into the legal and national interests of legitimated authorities (Meyer et al. 1997: 156-157).

National-states are rational actors whose main objectives are embedded in protecting group's interests through using tangible and intangible resources, institutions and various politically institutionalized processes. However, globalization is changing social-economic and political picture of the world by means of transformation of the inner essence of the state. Withdrawing the standard functions of organizing and management its physical and political space. Versatility of the modern world in terms of cross-cultural and cross-country interconnections compel the nation- states to found their legal activities on the international principles of public policy, thereby adapting and adopting common standards to the internal political and social activities. Hereby, the dependence of local social systems to universal culture and values is obvious. In order to obtain the full legitimacy the internal social and political structures must go through the process of reconciliation with the rules and requirements that, in majority cases represent the universal values and standards (Meyer et al. 1997: 157-158)

Rational organizations at the head of national-states spread the dominance on the increasing number of spheres of social life; organizational structures start reflecting the rules, institutionalized and legitimated by the State or within it. As a result, organizations are becoming more homogenous within certain areas and to the great extent concentrate around more powerful structures. Following this, the organizations

are involved into a ritualized control of credentials and group solidarity (Meyer & Rowan 1997: 345).

Institutionalized rules are classifications that embedded in society as mutual typifications or interpretation. Such rules can be either simply taken for granted, or be supported by public opinion or the law. The institutions will inevitably contain regulatory obligations, but in social life often serve primarily as facts that actors have to take into account (Berger & Luckmann 1967: 56-58, 79-80).

The relationship between institutions and organizations is represented as: organizations are created to achieve certain goals by means of institutions (restrictions) that provide opportunities for relevant activities held in organizations; during the process of achieving the goals, organization becomes the agents of institutional changes. Hence, organizations play the role of actors of economic, political, and other processes, meanwhile institutions are seen as just the rules or references. Organization according to Douglass North is a group of individuals united by a desire to cooperate in order to achieve a common goal (North 1990: 5).

#### 4.2. Development and change

Organizational and institutional changes differ in terms of methods, pace and timing of implementation. Management of organizational changes is generally narrowed to the impact of administrative bodies on certain organizational units or entire organization with a view of improving their qualitative and quantitative characteristics. Any change is aimed at the development of the organization. Development can be understood as a sequence of actions which must result in a progressive transformation, followed by the transition to a new qualitative level of performance. This development usually takes place when overcoming the crisis times either within the system itself or within the environment where the organization is functioning. Successful management is determined by the resources capacity of an organization, including the effectiveness of

management and the influence of external factors, such as economics and social (Huntington 2006: 93, 99-100).

*“The most important political distinction among countries concerns not their form of government but their degree of government. In each country the citizens and their leaders share a vision of the public interest of the society and of the traditions and principles upon which the political community is based.”*  
(Huntington 2006: 1.)

Selection theory describes the process of managing and developing organizations in the logic of natural selection of social cultural patterns of organizational behaviour. This approach assumes that organizational changes are achieved not due to a strategic choice, but rather a preceding development of organization (Hannan & Carrol 1992: 4).

The key statements of Selection theory provide a large understanding of methods of organizational change in the field of public administration. Conservatism and low adaptive capacity are the core features of the public-service organizations. These organizations are part of organizational population, therefore each process of the development or change is a consequence of a natural selection that takes place in organizational population under the influence of external pulses (Huntington 2006: 52-53).

One might consider that each reform is long process of a rational design; nevertheless it is challenging to take into account all aspects of the external environment and predict possible risks. This situation is especially relevant to the structures with not defined mechanisms for social networks. Low efficiency of the administrative reform is explained by the fact that the managers are highly influenced by the political and cultural systems which create the artificial filters and modify the perception of the external environment (Huntington 2006: 99).

In terms of Selection theory, changes in the civil service organizations are very conservative, the reforms are rational and limited, selective mechanisms are experiencing lack of competition that prevent an effective and accountable style of performance.

According to Neo-institutional theory, civil service organizations are the product of adaptation to socio-cultural environment, exclusively to institutional regulations such as legal or behavioural. The reasons for organizational ineffectiveness were revealed by the scholar D. North (1990). The author of the analysis in the field of Institutional Change and Economic Performance explained the problems of not-functioning of institutions owing to the impact of certain groups' individual values and personal interests. Evolution of society depends on once selected institutional vector of development. Therefore, according to D. North, new and more efficient "rules of the game" may remain postponed because their implementation requires significant initial investment, which are not necessary when maintaining the processes of old politico-administrative regimes (North 1990: 56-57).

Kurt Lewin (1947) substantiated two major change management concepts, which were subsequently tested in his research in order to help to understand the nature of resistance to change and the stages of the behavioural change in groups. Core idea remains in the assumption that organizational change is possible only if it would apply on the peoples' mind set in the first place. Therefore, with the purpose to complete organizational change, it is essential to make sure that the objectives are understood, accepted and implemented by all employees. It should be noted that changes in any stage of their implementation might be subjected and compromised (Weick & Quinn 1999: 362-363).

Lewin asserted, the process of changing a group of people (whatever it is, ethnic community, organizational staff or board of directors), should pass through three stages: "Unfreez", "Change" and "Refreeze." The "Unfreezing" stage is represented by the process of destruction of the existing system of value orientations of the group. At the stage of "Change" the group needs to acquire a new system of values and motivations, that can be fasten at the last stage of "refreezing". Experiments conducted by researchers clearly demonstrate, the quality of implementation totally depends on the completeness of process realization in each of the stages of the organizational change (Weick & Quinn 1999: 366).

The change in terms of practical management is embedded either in structural or process- oriented management components. These components are explicitly described in "Theory O" and "Theory E", which cover the organizational change either from the perspective of organizational structure or human behaviour. "Theory E" focuses primarily on the strategies, structures and systems, which can easily be changed from top to bottom, and bring a quick result/outcome. Theory "O" contains certain similarities with the Lewin's change management model. In contrast to the first stage, Theory "O" involves the idea of creating a system of values corresponding to the change management tasks. Besides that the theory focuses on the development of employees capabilities with the aim to involve them into a decision-making process with respect to organizational problems. The core principal is to create a working system, in which employees are emotionally tied to the company's development objectives. Cultural changes require the management to foster the emotional involvement of employees to support a new structure and soften their resistance (Beer & Nohria 2000: 3, 8, 15).

By the beginning of the 21 century the Russian system of executive power accumulated an eclectic and contradictory variety of managerial structures, in addition to regulatory tools inherited from the period of the Soviet governance. This system was inefficient and conflicting in terms of functionality and created serious administrative barriers to business. The accumulated problems and conflicts could not be resolved by partial organizational decisions. It was necessary to start with a blank slate, design a logical and consistent structure of executive authorities. No organizational change can be conducted in a sole way; no authoritarian leader can bring true strategic decision in regards to various organizational transformations into life, if the corporate culture does not meet necessary requirements. Therefore, the success to achieve any result lies primarily through the development of a corporate culture and a direct involvement of employees, which can be achieved either via organizational learning, or individual incentives and directives, depending on the corporate/state mentality and moral set of values (Beer & Nohria 2000: 24; Schwartz 2008).

Reorientation of a corporate culture can only be realized in a few years at best. Therefore, in case of lacking the experience in the field of administrative and change management when cardinal and rapid changes are required, state-level organizations usually resort to adaptive random transformations instead of developing gradual and rational approaches, forming the tradition of tolerance (March & Olsen 1984: 475).

#### 4.3. Public service motivation

Public service motivation (PSM) methods studied the motives that drive people to complete diligently their duties at a work place in public administration field. According to James Perry and Lois Wise (1990: 368), public service motivation is “an individual’s predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations”.

The authors described the model of PSM theory is based on three core perspectives: Rational motive, Norm-based motive, Effectiveness. In their turn they were examined from a standpoint of four critical dimensions: Attraction to public policy making, commitment to the public interest, self-sacrifice compassion

1. Rational motives are based on servant’s commitment to a public program due to their personal (group) interest that enhances the level of self-importance and self-identification with a program. Citizens in strong uncertainty avoidance cultures do not believe they can influence decisions made by authorities. Civil and public servants try to avoid participation in policy-making processes and believe in uselessness of protest actions against political reforms despite all disagreements with political system (Perry & Wise 1990: 368; Hofstede 2001)
2. Norm-based motives refer to public servants capability to fulfil appropriately their duties, which aimed at serving public interest and being loyal to government as a whole. Group and hierarchical relationship in collective cultures tend to appreciate more moral values than economic (Perry & Wise 1990: 363; Hofstede 2001).
3. Affective motives boils down to evaluation of society’s level of disposition to demonstrate emotions, motivated by empathy and pro-social behaviour. Russian



society according to Perry's model belongs to effective cultures, where people are predisposed to compassion (Perry & Wise 1990: 369).

Founded on these dimensions the research carried by Pippa Norris in 2003 provided new explanation on low and high levels of PSM. The author claimed, the index depends on an effectiveness of New Public Management reforms along with historical labour and economic patterns of each country. In post-Communist countries the lower index is caused by the citizen's distrust to public authorities affected by decades of living under the totalitarian regime (Norris 2003:73-74).

Citizens in strong uncertainty avoidance cultures do not believe they can influence decisions made by authorities (Hofstede 2001). Civil and public servants possess a low extent of social and political trust that results in avoiding any policy-making processes and strongly believe in uselessness of protest actions against political reforms despite all disagreements with political system.

#### 4.4. Social capital and trust

Social capital as a term was derived in the beginning of 20<sup>th</sup> century by Lyda Hanifan in order to describe and estimate life standards and preferences of each community towards social life values. When talking about social capital, the author refers to peoples values that are particularly relevant to their daily live, such as "goodwill, fellowship, sympathy, and social intercourse among the individuals" (Hanifan 1916: 130).

One of the main components of social capital is trust that in its turn promotes the establishment of a productive cooperation that is based on mutual respect, solidarity, reciprocity and as a most important collective behaviour. Trust might be seen as a unit of measure people refer to when make their judgment about daily experiences and the world around them (Beem 1999: 20).

In 1999 Newton suggested to be more specific about the term trust when divided it into two categories, social and political. He claimed that high rate of social trust among individuals partly depends on personal success and satisfaction with the life standards, participation in voluntary organizations that strengthening the confidence between people. Political trust is evoked by people's interest in politics on the condition that it consents with a political course, integrity and efficiency of government bodies as well as possibility for citizens to be involved in decision-making processes that comply with public interest and are aimed at public good (Newton 1999: 174-176).

In order to achieve public trust, people should "rely upon institutional arrangements for enforcing accountable and trustworthy behaviour on the part of political leaders" (Newton 1999: 1976). In their turn, the political leaders must guarantee the preservation of equality and liberty as essential values of modern democratic societies brought by waves of globalization. Credibility of political institutions also provides the raise of trust of inter-personnel interactions (Seligman 1997:101).

Effectiveness of a political system represented by political institutions is evaluated according to a number of components that characterize the level of life within one society: political corruption, crime rate, unemployment, growth domestic product along with governmental decisions, which lead to citizens' welfare. Political trust connected directly to satisfactory political decisions that result in logical series of events held or supported by government institutions (The World Bank 1997: 3-5).

Effectiveness of social and political organizations is based on cooperative social relationship that consecutively relies on individual social trust. Hence, with little or no consideration of these related sequences, the success of establishing efficient and legitimate authority is impossible. Seligman claims (1997: 69), trust in political institutions also provides the raise of trust in inter-personnel interactions. Social capital has also been studied as forming idea by the World Bank.

*"Informal rules, norms, and long-term relationships that facilitate coordinated action and enable people to undertake cooperative ventures for mutual advantage."* (The World Bank 1997: 114.)

In the end of 20<sup>th</sup> century a new study on social capital had begun. Social capital started to be viewed as means to create a class division and establishment of elite's domination over deciding political questions. Social capital is nothing more than sociological condition shaped for the purpose of disguising profit-seeking intentions of its holders (Field 2003: 17-19).

Here the theory on Social capital comes to a question: How do inequality and social capital interconnect? (Does inequality proceed from mistrust in society?). The answer was partly given by Tocqueville in his research on associations and civic communities. Tocqueville claims (1951: 503-509), associations play a significant role in social life as mediators between people's desires and political decisions. By joining associations each individual is capable to further one's interest by merging in larger voices, which cannot be simply ignored. Concentration of power in one's hands occurs due to people's desire to live an individual, separate from others live. Large communities are essential in order to reach common goals and learn to stand up for rights and freedoms. Author remarks, in order to avoid a collective oppression, people have to learn to be a single entity and work mutually on resolving society's issues.

Horizontally established networks compare to vertical enable to take control over power distribution and divide it more or less equally among the participants, thus encouraging the growth of social trust. Talking globally, "trust has been thought of as the foundation of an effective economy and government". Nevertheless, it should not be ignored, that members of some groups or associations are so strongly connected that do not permit others to join in order to safe close ties of trust when going for goals, which might lead to social conflicts and inequality (Putman 1993: 163, 172; Maloney 2000: 805).

#### 4.4.1. Trust in public sector: corruption as a reason to reduce social trust

Trust has become a significant component of a successful performing of public reforms. Trust can be divided into three subgroups regarding subject of trust (Newton 1999: 174-176):

1. Trust of society in the public sector. Depends on the level of political capital

2. Trust of public sector in the society. Depends on the level of social capital

*“When government actors fail to display confidence in citizens, or when they demonstrate active distrust, citizens are more likely to become wary of government interventions and less likely to consent willingly ... Treating clients with respect appears to beget reciprocity. Distrust tends to evoke resistance, evasion, and dishonesty.”* (Cook et. al. 2005: 161.)

3. Within the public sector. Refers to a classical bureaucracy described by Max Weber, where the relationships between competent servants are based on shared set of values aimed on serving public good, legally authorized and recognized by society. Efficient bureaucracy must be built upon a distribution of authority that is supported by regulations and proper management skills (Weber 1978: 956–958).

Trust is seen as a component in relationship between individuals and groups that has a positive impact on interaction between them in a view of strengthening the links.

Corruption as a phenomenon and act might provide a destructive impact on the arrangement of social cohesion and the perception of public authorities and guarantors of public goodwill.

*“Corruption is behaviour of public officials which deviates from accepted norms in order to serve private ends.”* (Hungtington 2004: 59.)

Representatives of the Public Fund for Applied Political Studies, INDEM (2001) studied corruption from the perspective of its complexity. In the first place corruption is viewed as a deviation of legal practices from ethical norms of behaviour. In the Russian Federation such a conduct is identified with the bribery on both top and bottom levels of government institutions. Furthermore, in socio- economic relations corruption had become an element of building private/individual partnership, which resulted in economic and political seizure of power at all levels by the shadow, i.e. criminal business. Thereby, corruption is a way of obtaining the right to manipulate a large sector of the population for lucrative purposes.

Several factors generate and determinate the existence of corruption crimes: socio-political, economic, organizational, legal and psychological (Timina 2011, 64-69):

1. Socio-political factors refer to isolation of the civil society from the state decision-making and governance in general, excessive number of state and municipal officials, populist nature of measures implemented against corruption;
2. Economic factors are invoked by instability in economic sector, social inequality and poverty along with violation of market economy conditions and competitiveness;
3. Legal factors are associated with a poor regulatory system, including job regulations, law of parliamentary privilege, lack of effectiveness of the penalty system, inconsistencies in legislation, and a low level of legal awareness among population;
4. Organizational factors are grounded in an absence of the state criminal monitoring system;
5. Psychological factors highlighting the lack of corporate morality and ethics, along with personal responsibility, nepotism, willingness of civil population to recourse to bribery methods if needed, people's disregard of criminal origin of bribery.

The motive for committing corruption crimes is caused by the growth of social inequality and the split of modern Russian society into two social classes -the poor and the rich. This gap leads to unsustainable consequences and social antagonisms. Formation of classes entails the development of serious crimes almost in all spheres of social life, primarily in economics (Gilinskiy 2009, 16).

Let's take a look at the recent statistics on the national income per capita within past years. In accordance with the research of the Federal State Statistics Service (2009-2017), the percentage of people whose income was below the subsistence rate (7.306 RUR in 2013, 10.455 RUR in 2015) in 2009 counted 18.4 million, in 2010 – 17.7 million, in 2012 – 15.6 million, 2015 – 13.2 million people respectively. The population's average cash income per capita in 2017 demonstrated the following values: about 11% of population receive the salary of up to 10 thousand RUR; 15% earn in the range of 10 to 15 thousand RUR; 14% of working populations gain an amount of 15 to 20 thousand RUR, 21% from 20 to 30 thousand RUR, finally 26% of the population receive from 30 to 60 thousand RUR monthly. The average salary of employees is

increased from 2013 – 25.928 RUR in 2013, to 27.767 RUR in 2014 and 30.474 RUR in 2015. It is also worth mentioning that the exchange rate in the first quarter of 2017 stood at the average 61 RUR for 1 EUR, compared to average 45 RUR in 2013. The annual inflation in the 2015 reached the point of 15% or 50.27% in past 5 years (The Central Bank of the Russian Federation).

Gilinsky affirms (2009: 22), an individual is engaged in any form of action for the sake of meeting one's own needs. The opportunities are unequal. The main source for satisfying personal needs is socio-economic inequality, heterogeneity of the society. The ability to address the needs is closely related to the social or economic status. It should be noted that the economic partnership is accompanied by a large number of crimes.

According to the website of The Ministry of Internal Affairs, during the period from 2010 to 2015, the following number of economic crimes was committed (Figure 4 and Figure 5):

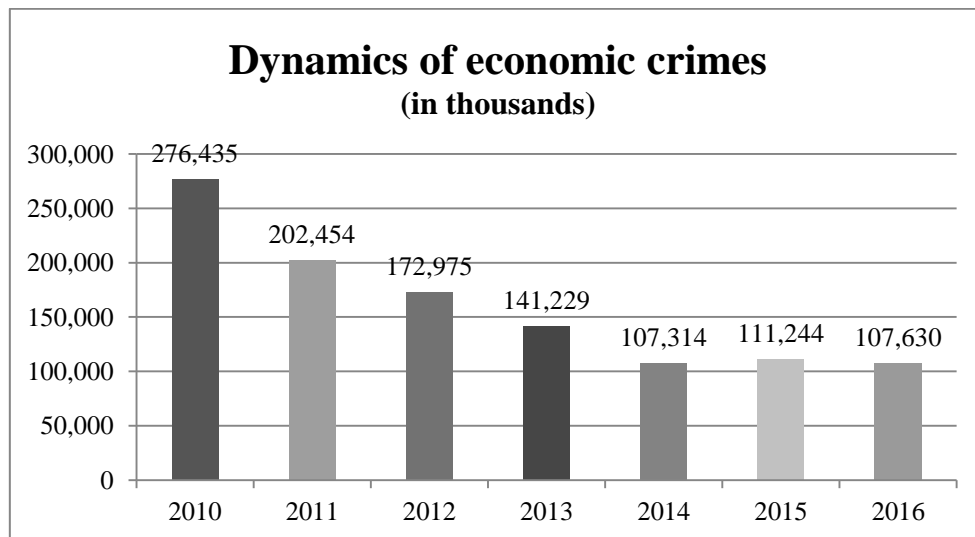


Figure 4. Dynamics of economic crimes (Ministry of Internal Affairs of the Russian Federation 2016)

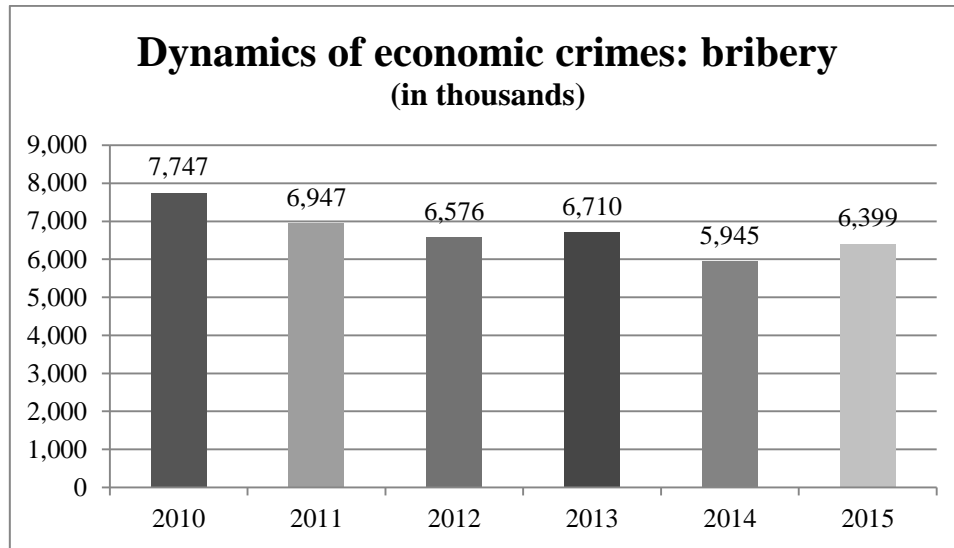


Figure 5. Dynamics of economic crimes under article № 290 of the Penal Code (Ministry of Internal Affairs of the Russian Federation 2016)

The most important institutional element for controlling and organization public life and political power in the state is the Administrative institution, which strategically and tactically determines the directions of the state development. Ironically, same time the Administrative institution may cause manifestation and consolidation of corruption within all types of socio-political relations. The central link in the administrative apparatus is an employee, an official. As noted previously, the lack of control over administrative power entails bureaucratization of society, corruption, administrative despotism. In turn, in the societies with high level of Mastery and Hierarchy embeddedness, subordination and control over the public sector activities is an essential element. Thus, only discipline may guarantee the administrative authority to perform for the benefit of the individual customer, society and the state, consequently to enhance the social capital and trust towards state institutions and public sector employees (Gilinsky 2009: 244).

## 5. PUBLIC ADMINISTRATION AND PUBLIC MANAGEMENT

Public administration studies take their initials in the 19<sup>th</sup> century when governmental model was built upon personal relationships, when dealing in the system depended on “personal” approaches to particular individuals, such as leaders. Post administrative model widely integrated in Western Countries in 19<sup>th</sup> and 20<sup>th</sup> century was described by German scholar Max Weber (1978: 644-645), who characterized public administration as the process operated by professional bureaucrats who followed prescribed legal regulations and ethical norms based on the loyalty to the state and the organization.

American politician Woodrow Wilson (1897: 212) claimed, “Public administration is a detailed and systematic execution of public law”. He insisted that the only right way to succeed in creating stable administrative system is to separate it from politics. Such a matter as administrative issues should not be decided by politicians in order to avoid corruption in the administrative bodies.

### 5.1. Rational bureaucracy

The theory of Max Weber embodies the concept of a technically perfect and clearly organized structure of the socio-economic system. In accordance to Weber, bureaucracy is a special type of social organization characterized by a strict hierarchy of administrative bodies operating on the basis of formalized managerial procedures by means of special rules and regulations aimed at effective problem-solving. Bureaucracy must also respond to the principle of a clear delineation of rights and duties among employees, their subordination and promotion proportionally to service record or merit (Weber 1978: 226-227).

At the beginning of 20th Max Weber developed the concept of "rational bureaucracy", which replaced the patriarchal type of organization. According to Weber, the main distinguishing feature of the patrimonialism system was the ability of a master to recruit his personal servants to take control over the area of his interest, in their turn the



servants were acting as an instrument of his personal power. Thus, patrimonial management promotes the selfish attitude of bureaucracy to the position, moreover, economic interest and benefits associated with it (Weber 1978: 238).

Rationality is one of the core concepts of Weber's theory. This term was used quite widely and referred to various areas of the public life.

*“In the last resort the factor which produced capitalism in the rational permanent enterprise, rational accounting, rational technology and rational law, but not this alone. Necessary complementary factors were the rational spirit, the rationalization of the conduct of life in general, and a rationalistic economic ethic.”* (Weber 1950: 354.)

Weber claims, in economic science rationalization is always “positive”, since it mainly relies on an accurate calculation. Thus, the market economy is also formally rational due to its purely quantitative essence and the fact that it is never takes into account non-economic aspects. Negative consequences of rationalization come out when individual or group practices are centred on personal economic interests. According to the author, bureaucracy is an ideal example for positive and negative rationalization existing side by side. If bureaucracy exists only to promote various directives and decrees, in this case it is classified as negative or irrational bureaucracy. Whereas, positive or rational bureaucracy serves to save effort and time, making management procedures as efficient and effective as possible (Weber 1978: 227-229).

In line with Weber's theory, bureaucracy is a positive form for organizing collective activity. Bureaucracy in positive term is a role model for any institution that adheres to orderliness and rationality. Reaching the purely bureaucratic way of exercising the administrative authorities is to obey the principles of the highest degree of effectiveness that reside in stability, precision, discipline and accountability (Weber 1978: 223).

Max Weber emphasized, modern bureaucracy should act in accordance with formal rules and special knowledge applied in the management process. In addition, the concept of rationalization may imply a logical coherence, consistency as well as systematization of any knowledge and information.

## 5.2. New Public Management model

New Public Management (NPM) aims to integrate specific political methods into executive and public service apparatus. Set of measures implemented in the course of administrative reforms is based on two fundamental components which contribute to functioning of the system; those are academic discipline and continuous studying and practicing of public service management (Barzelay 2001: 16)

The key difference of New Public Management from the classic model of rational bureaucracy is to incorporate market processes within public sector and to borrow management techniques which were previously practiced only by private companies. First of all, this could be completed when minimizing the size and sources of public administration: privatization, decentralization, deregulation, as well as delegation of a number of state functions to private authorized institutions. Reduction of government costs could be achieved through restructuring and marketization, revision of state duties or release of state bodies from executing some of them. The last but not the least, improvement of public financial mechanisms and budgetary system, including liquidation of the corrupt activity in the public sector (Wollman 2003: 23-24, OECD 2005: 81, 104).

New Public Management model calls into question the effectiveness of the traditional model of public administration and revises the conventional role of the state in the life of society, since it perceives the state as an employee whose main function is to produce public services. On the basis of that principle professor Michael Barzelay distinguished four discrepancies between traditionally bureaucratic and post bureaucratic models of governance, New Public Management (Table 2).

Bureaucracy	Post - Bureaucracy
Focuses primarily on its own needs and perspectives	Targets the needs and prospects of customers
Bureaucratic organization is based on a clear distribution of roles and responsibilities between employees	Post-bureaucratic model acknowledges the cohesion of employees acting as one team
Bureaucratic organization evaluates its activities in terms on an amount of resources used and number of tasks performed	Post-bureaucratic organization orients towards the results to be of value to customers
Bureaucratic organization observes procedures established by Law	Post-bureaucratic organization is able to change the rules when new requirements arise for the service it produces

Table 2. Bureaucratic vs. post- bureaucratic model of organization (Barzelay 2002: 101-107)

Public administration reforms implemented through the New Public Management ideology imply the adaptation of a successful business management technology for public sector management purposes.

*“New Public Management paradigm” as the entire collection of tactics and strategies that seek to enhance the performance of public sector – to improve the ability of government agencies and their non-profit and for-profit collaborators to produce results.”* (Behn 2001: 26.)

Concept of the New Public Management service defines the role of the state as a market participant. According to the author, the philosophy of NPM is that the government remains the prerogative of policy-making institution, while affiliated private structures implement this policy in practice.

The nature of the modern public administration is rather organizing the processes mobilizing potentials and resources, than simply being a direct provider of public services. The governance ceases to be a key function of the state activities; instead the government acquires the role of moderator of interaction processes between the state and civil society and a defender of public interests. Management is understood as a

system of cooperation of public, state and private-public partnership structures on order to increase social wealth (Behn 2001: 26).

New Public Management implies transformation of the institutional-type of interaction within the public sector, meanwhile meeting the requirements of efficiency and effectiveness of power institutions. In contrast to traditional state administration, New Public Management in order to achieve success shall consider strategic planning approaches when going through reformation. Four essential characteristics of new public administration processes were determined by Bozeman and Straussman (1991: 493-496):

1. Emphasis on measurable results and outputs;
2. Managerial instrumentalism: clear allocation of roles and responsibilities among state institutions.
3. High degree of coordination and coherence between various government institutions and departments within their structures.
4. Establishment of general objectives for all service provided state institutions.

#### 5.2.1. New Public Management reforms

New public management reforms in accordance with OECD's elaborated strategy on finding new buyers and thus enhancing the economy growth primarily were implemented in European countries, including the USA and Canada in 1980<sup>th</sup> and 90<sup>th</sup>. Adopting private-sector approaches for the purpose of making public services management more customer-oriented was the main objective of the chosen strategy.

New Public Management initially was focused on improving government and public sector performance in a view of making it less bureaucratic and corrupted, but much efficient, effective, flexible, accountable and customer-focused, although it is not always achievable. The approach to NPM is to construct a system the main principle of which is faith (Wollman 2003: 29).

Administrative reforms have never been a focus of attention of civil society due to people's indifference to structural relocations, but high susceptibility towards the quality of services they get from the public organizations. Owing to increasing pace of life, society expects for flexibility and reduction of bureaucratic delays when dealing with public and governmental organizations. Consequently, improved productivity might reflect on how people perceive public – government relations along with enhance citizen's trust towards government liability to guarantee common welfare and security (Wollman 2003: 182).

New Public Management reforms are associated with a strategic course a government chooses in order to achieve administrative or political goals. Pollitt and Bouckaert (2000: 176-177) distinguish four types of reformation methods:

1. Maintain – maintenance of the existing administrative systems through tools and methods of political control and management;
2. Modernize – modification or maximum improvement of management processes and changes in structural divisions and subordination;
3. Marketize – stimulation of effectiveness and efficiency through implementation of Market-Type Mechanisms to the public-service organizations;
4. Minimize – use of privatization as a method of reduction of a state sector in a view of the trust to commercial sector and its high degree of legitimacy.

The concept of NPM consists of a wide range of mechanisms for improving and developing the state administrative system, which can be divided into several key positions, such as decentralization of power and control, privatization, outsourcing, democratization and optimization of civil servants' quantitative and qualitative composition.

Same or similar reforms might succeed in one region or country and turned to be a complete failure in another. In order to avoid mistakes reform-making and implementing process should go through several stages of rationalization (Pollitt 2003):

1. Detailed analysis. A problem should be subjected to empirical analysis in order to reveal all falls that might create undesirable outcomes including the influence on economics, political and social life;
2. Support of majority. Creation of a strong network with the aim of promoting a reform;
3. Correspondence of managerial skills and available in hand resources with a reform process requirements;
4. Patience. Reforms are aimed at crucial reorganizations that are not happen at once;
5. Maximum use of good practices and own experience;
6. Reforms and processes related to them should not go contrary cultural norms which might lead to people's rejection of a reform;
7. Reforms should not negatively affect an organization as a whole or partly, thus bringing a destructive effect on its performance and reduction of labour productivity.

Economic and political development is impossible when the governmental system has not achieved accountability in its practices including social, financial and legal. NPM techniques can be implemented only in those countries which management course lay through the norms of traditional model of public administration: accountability of the implementers of public policy to the governing constitutional rulers (Bale & Dale 1998: 106).

### 5.3. Good Governance model

Good Governance as a new paradigm in the practice of administrative reform was developed in the late 1990s. The flaws of New Public Management approach to public administration provoked the emergence of a new management model, i.e. Good Governance. New paradigm is aiming at overcoming such deficiencies in the new state management as solving social issues and decreasing the level of social inequality and poverty, defining the state and civil servants role in public relations, along with asserting the universality of the reform methods depending on a state (Terry 1991: 196).

The primary tools of the Good Governance model are participation, transparency, responsibility, efficiency, equality and the rule of law. In addition, the model is focusing at maximizing the scope of public participation in governance and ensuring that political, social and economic programs are based on a common consensus in such a way that the voices of the poorest and socially unprotected population groups are heard and considered when making public sector oriented decisions (Terry 1991: 196).

Unlike New Public Management, the model of Good Governance entails a greater degree of the government intervention in all state processes. NPM paradigm considers the government only as a steering political instrument, when Good Governance assigns it the role of a full partner and participant in adopting and implementing managerial decisions. Supporters of the concept of Good Governance rightly believe that the government cannot be excluded from any private and civil sector activity; it must have full access to information in order to fulfil the monitoring and regulatory function (Terry 1991: 197).

Active involvement of non-governmental organizations and business associations in the process of making political and managerial decisions develop public authorities into open structures for public discussion-making and negotiation, interested in meeting public interests and solving public issues. The government takes the initiative to establish cooperation, becoming rather a partner, than an authority that usurps the right to express collective interest, determine common good and impose its own standard of conduct (Argyriades 2006: 163-164).

## 6. CASE STUDY: THREE STAGES OF THE ADMINISTRATIVE REFORM IN THE RUSSIAN FEDERATION, CAUSES AND CONSEQUENCES

Administrative reforms are traditionally meant for changing the system of public administration in accordance with three main patterns: restructuring of the system of political and state institutions; reorganization of civil services and administrative body composition; change in the relationship between administrative system and civil society. The question of value orientations is especially acute when talking about changes in the political systems. The problem of values was introduced by number of sociologists and psychologists of the 20<sup>th</sup> century (Weber 1978, Hofstede 2001, Schwartz 1992). According to Weber's theory, any human act is recognized meaningful in relation to values which form the norms of people's behaviour and determine their goals (Weber, 1978).

*"The more the value to which action is oriented is elevated to the status of an absolute [intrinsic] value, the more "irrational" in this [instrumental] sense the corresponding action is. For the more unconditionally the actor devotes himself to this value for its own sake, ... the less he is influenced by considerations of the consequences of his action."* (Weber 1978: 399 – 400.)

The highest value for the state is to preserve the national and cultural order. Realization of this function is driven by the need to save the social institution that is threatened to be disintegrated under the pressure of globalization. Thus, the essence of the administrative reform besides changing the methods of administration consists also in designing decent management style, together with establishing trustful relationship between the elite and society. Seeking for effective forms of interaction between the participants of the public administration reform, the main tendency should be to focus upon the value orientations recognized by the civil society, which might contribute to renewal of the people's welfare and trust (Huntington 2006).

Increase of the management quality together with the restructuring of bureaucratic apparatus cannot be the only tool to narrow the gap between the society and the state as well as enhance the efficiency of public services. Fundamental changes should affect both cultural aspects of the administrative governance along with the instrument and



approaches to solving the task. Starting a reform in conditions of social apathy, corruption, people's inability for any kind of networking and mutual solidarity, is an overwhelming task. In order to achieve the objectives in the first place all former procedures shall be replaced by the public service oriented order, which specialized in decision-making carried out by respective administrative entities. The secret to successful implementation of any reform consists in adapting the model of public service and public administration to fundamental changes and demands of society (Beer & Nohria 2000).

In the further chapters the model of the Russian Administrative reform will be studied from the perspectives of various approaches implemented within past decades with a view to modernize the system of administrative governance in the country. The study will embrace an impact of former soviet management as well as cultural value orientations as obstacles to implement the New Public Management reforms and develop the public administrative system satisfying the demands of civil society in the globalized world.

#### 6.1. History perspective: reasons to reform and first steps towards democratization

German philosopher and economist Karl Marx (1904: 11) claimed, social progress is not a chain of random phenomena; it represents a natural process built upon the development of modes of production. Economic structure of society is the foundation for other structures that emerge in society, legal, political and especially social, since material life generates the social consciousness (Marx 1904: 11).

By the mid-1980s the process of natural development in the Soviet Union was fractured. The crisis of the Soviet system came to its peak, the economy lagged far behind the Western countries' economies in terms of technical and technological development along with political efficiency.

Maintaining the old-pattern political and economic system served the bureaucrats' interest, which mainly was driven by high prices for oil and gas. The export of energy resources used to provide large income which allowed spending the earnings on industrial goods and provisions. Such a scheme, to its larger extent, favoured the reduction of societal tension and contributed to incensement of the society wealth level. The growth of social security and welfare was accompanied by the residual approach to social services together with the growth in overall deficit. The control over all political and economic processes was concentrated in hands of the Soviet elite, although an inability to demonstrate fair and efficient governance had been always an issue for the regime and as a consequence resulted in recession in all spheres of social, political and economic life (Bagrov 2003: 95-98).

Another cause for ignoring the need of reforms was the expansion of "shadow economy". The percentage of all economic deals that had gone "into shadows" during the government of Leonid Brezhnev (1964-1982) became comparable with the legal economy. The actors of the "shadow economy" established the process of production and distribution of various consumer goods as well as luxury products. Speculation and embezzlement were the main source for procuring capital (Bagrov 2003: 108)

By the end of the 1980s the turnover of the "shadow market" had increased to 250 billion RUR, 25% of the national income. According to some estimates, about 40 million people were involved into these buy-sell relations, almost everyone were in an acute conflict with the authorities and the law. Shadow economy started to penetrate into the state apparatus that resulted in embezzlements from the state budget: over 14% of the state budget annual income in the 1970s remained in pockets of the dealers of the "shadow economy", 18% in the 1980s and 25% in the beginning of 1990<sup>th</sup>. It is stands to mention that private enterprise was strictly suppressed in a socialist society, all organizations operating on the territory of the USSR were budgetary (Bagrov 2003: 106, 108).

By the beginning of the 1980s, the Soviet ruling elite realized the need to develop urgent measures in order to eliminate the crisis in economics and social life. Proceeding

from the ideas of strengthening the state status, breaking through the post-industrial stage and becoming again the worlds' superpower, Soviet leaders set the goals to implement significant transformations in the economy. The first document issued with the view to support the reform was the Resolution № 695 On Improving Planning and Strengthening the Impact of the Economic Mechanisms on Increasing the Efficiency of Production and the Quality of Work (The Government of The USSR, 1997). The document focused on the national economy and ways to improving the quality of planning.

According Yuriy Andropov (1983), General Secretary of the Communist Party of the Soviet Union 1982-1984, the economic reform should not be perceived as one-time act. The main mistake of the Soviet leadership resided in a slow response to changing environment. On the contrary, such a reform must be carried out systematically, since the economy and the society itself are undergoing constant change. In December 1983 at the plenum of the Central Committee Andropov said,

*"Administrative management and reforms must correspond to the real conditions of each stage of the country's social development... Therefore, the improvement of governance based on principles of democratic centralism is an integral element of the overall process aimed at improving our social system."* (Andropov 1983: 21.)

Andropov (1983) wrote that the objective nature of economic laws "requires eliminating all attempts to manage the economy by methods alien to its nature". The General Secretary noted the need to consider the diverse interests that are interacting within the society. He also stated,

*"One of the most important tasks for improving our national economic mechanism is to ensure that these interests are precisely taken into account, to achieve their optimal balance with the interests of all people thus to use them as a driving force for economic growth, economic efficiency and workforce productivity."* (Andropov 1983: 237.)

While the society has not reached full social equality or developed "a high consciousness and culture, professionalism, ability to use the benefits wisely," the

control over the labour and consumption of goods must be carried out strictly (Andropov 1983: 239).

Mikhail Gorbachev, first President of the Soviet Union, also noted,

*"Dishonest methods of work in any sphere either production or servicing sooner or later may negatively affect both public interests and individual, turning back in form of poor-quality goods and services. Strengthening the discipline is everyone's responsibility. This directive applies to everyone, either blue or white collar employees, no exception applied."* (Gorbachov 1983: 14.)

Pursuant to Yuriy Andropov's programme, special attention should have been drawn to the leadership style of the official, since corruption in the field of public services affects the image of the state in general. Andropov (1983: 292) remarked,

*"The law must be irreconcilable, and applicable to everyone. Every official or public servant who upturns the moral order, immediately and irrevocably should be expelled from the position."*

The economic policy of Yuriy Andropov was established upon three interconnected concepts. The first one referred to the development, approbation and gradual implementation of new economic mechanisms based on the private sector economic partnership. The second concept invoked the strengthening of discipline in all levels of management and social relations. The third was promoting the gradual involvement of the society to decision –making processes, development of market democracy and local governments (Andropov 1983: 12).

During two years of leading the country, Yuriy Andropov made a special emphasis on the need to achieve such a model of public management, where people do not rely to any other authority but themselves. "Democracy" means participation of people in the development of the state. When building the democracy, meaning the state governed by the rule of law, it is essential to focus on such a system where people's opinion and value orientations matter. It is also important to strengthen the involvement of local governments and municipalities, which in market oriented economies are called upon to connect the government and civil society. Since people do not want to be objects of

manipulation, they must learn to manage the society in which they inhabit. (Andropov 1983: 243).

Tragically, the fourth General Secretary of the USSR Yuriy Andropov passed away in 1984 when the program of economic and social development was at the stage of discussion. Missing the opportunity to define the strategy as well as to train the successors who would be able to understand and believe in the logic of these transformations, held the country back from modernization in accordance to principles of market economy for decades. Andropov's successors Konstantin Chernenko, Mikhail Gorbachev, Boris Yeltsin happen to be leaders with other priority orientations on the state governance. Yuriy Andropov was aware of difficulties that might occur on the way to completing the reformation, especially in terms of communist management specifics that were affecting public servants' and society culture. He knew that the country needs the radical reformation within all structures and processes that could be achieved only by means of developing long-term strategy and control (Vedernikova 2013: 56).

## 6.2. First stage of the administrative reform: 1991-1993

The first stage of the administrative reform took place during the period 1991-1993. It was associated with decentralization and departization of the state apparatus.

In 1991 the course of the internal politics of the Russian Federation continued towards the establishment of the market economy, formation of public institutions along with a law-based democratic society. The core idea of the reform was that the administrative apparatus should become professional, efficient, and politically neutral, furthermore oriented to meet the requirements and needs of the society.

The collapse of the USSR in the early 1990s provoked the emergency to seek for conceptual models of developing the institutional system. The first step towards determining new concepts of development started with adopting in July 6<sup>th</sup> of 1991 the

Decree № 1550-1 On Local Governments (The Government of The RSFR 1991), on the basis of which the process of reforming and formation of local authorities had begun.

The Decree contained a number of fundamental provisions that determined the status and authorities of local institution in the RSFSR. Such a feature as civil responsibility was introduced for the first time in the Russian Law. This right allowed the civilians independently from the state government on regional and local levels to resolve civil issues. The law provided the republics within Russia to issue their own regulations. All administrative bodies were granted the competence, which could only be changed by law. The significant difference from the Soviet times was in devolution of power and formation of the local government structures. Pursuant to the Decree the head of local administration could be elected for five years by universal and direct suffrage, besides exercise his/her powers in accordance with the principle of sole authority. During the Soviet period the administrations were carrying out their activities on the principles of collegiality (Emeliyanov 1997: 67-69).

Having regard to the above, new Russian government led by Mikhail Gorbachov (1985-1991) set the direction of developing the administrative system based on the market economy and best practices of the Western European countries. Same time, the system was still under the influence of Soviet administration. The Article 18<sup>th</sup> of the Decree № 1550-1 stated that any decision which did not comply with the law could be abolished by the Supreme Soviet of National Deputies. This regulation was incompatible with the principle of independency of local governments and municipalities; their responsibilities defined in the same Decree.

The causes for misfortune in the field of reformation were grounded in absence of the state ideology, loss of tradition of the Russian administrative management school, suppression of the local authorities' initiatives by the state government and corruption. In addition, the municipal authorities were not supported financially that restricted them in sense of self-development. The Decree on Local Governments provided the regions with quite many rights, but did not determine the tools and mechanisms to realize them (Emeliyanov 1997: 73).

On the 21<sup>st</sup> of September 1993 the Russian President Boris Yeltsin (1991-1999) signed the Decree № 1400 On a Gradual Constitutional Reform (The Government of Russian Federation 1991). This document abolished the implementation of legislative, administrative and control functions by the Supreme Soviet of National Deputies and the Supreme Council of the Russian Federation. In accordance to the Article 12, the State recognizes the legitimacy of local governments, although they are not further considered as part of the system of public authorities, which was later confirmed in the Constitution of the Russian Federation adopted on the 12<sup>th</sup> of December 1993, Chapter № 8 "Local government".

In conjunction with the formation of the executive bodies, in 1990 the government abolishes the 6<sup>th</sup> Article of the Constitution of the USSR (1977), which determined the monopolistic position of the Communist Party in society. This act enabled to legalize multiparty system in the country. The mass media was actively proclaiming the crash of the Soviet statesmanship and promoting the necessity to reform the political system. In subsequent years the administrative changes became chaotic due to discrepancy of interests between various political groups that were struggling for the sovereignty of Russia under new ideological values as well as the power to conduct the economic reform according to the marked oriented principles (Emeliyanov 1997: 74).

The administrative reform required significant personnel changes. This process consisted in transition from "nomenklatura" principle of recruiting the civil servants to "rational bureaucracy", according to which, the activity of personnel should be based on knowledge, high qualification and professionalism. Due to this fact the number of civil servants had increased sharply within few years. In connection with the new principles of public administration a regulation that prohibited combining the position of a head of a state body with any other position, including political or public organizations was adopted in 1990. Thus, politically neutral system of public service administration was acknowledged (Emeliyanov 1997: 68, 74).

The main work on desovietization was organized by the government of Egor Gaidar in 1992. The reform aimed at introducing the concept of the market economy as a

condition for an acute and rapid change in the political culture and state ideology. In accordance with the liberal model of reform, the country was imposed a type of development aimed at privatization of the state property, formation of the class of rich people and market relations. The first government activity was liberalization of the economy, which included the transition to free trade relations and prices, resolution on the planned-distributive management system, abolishment of foreign trade monopoly, introduction to free market exchange rates (Gerasimov 2017).

*“The reform had provided a macroeconomic change, mainly in terms of devastation of the old-type economy. Painful, surgically unappealing... Despite everything the move had taken place. Perhaps, it was just impossible to make it in another way. There had never been any other industry or economy but the one created by Stalin. Such a regime could not have been broken by any other means but the ones it had been created.” (Yeltsin 2008: 284.)*

However, the consequences of economic liberalization were ambiguous. On the one hand, the budgetary deficit was rapidly disappearing due to privatization; on the other hand the prices were growing even faster. By 1993 the prices on public goods had risen 26 times. Poverty had become commonplace. The average monthly salary in 1992 dropped to 22 in USD equivalent (Gerasimov 2009).

The end of the first stage of the reform is associated with a deep political crisis. The oligarchic bureaucratic capitalism that was created in the 1990s only further divided the society into rich and poor. Social and legal insecurity of the population weakened the people's faith in the reforms (Bagrov 2003: 142-145).

### 6.3. Second stage of the administrative reform: 1994-1999

The second stage can be defined as the constitutional stage of the administrative reform and the process of constructing a legal basis for the public administration based on the democratic principles determined in the Constitution of the Russian Federation. Constitutional changes in the system of public administration meant to consolidate the principle of separation of powers determined by the Article 10 of the Constitution



however providing significant number of authorities to executive bodies. The legal rights granted to the president by the Constitution, Part 3 “Federal Structure” and Part 6 “The Government of the Russian Federation” allowed him to found the system of the Federal executive bodies, nominate a candidate for the Chairman of the Government and determine the list of ministries, agencies and services.

In the first Message to the Federal Assembly of the 4<sup>th</sup> of February 1994, Boris Yeltsin drew the attention on the "Acute political struggle and spiritual disorder, great mental and physiological fatigue of the Russian society". The president emphasized,

*“We all need to understand that the state cannot be founded on the ideas that cause polarization of society. It must be based on the natural values and concepts that appeal to all the people and every individual. These values are security, freedom, welfare and solidarity.”* (Yeltsin 1994.)

According to the president (Yeltsin 1994), the only way to build a stable democratic state was to modernize the system by conduction the reforms. The message also outlined the further measures to advance the administrative reform:

1. Consolidation of institutions as well as the establishment of productive cooperation between them;
2. Introduction of mechanism for better interaction with society;
3. Provision of quality public services.

In the following years, the government issued two decrees that formed the basis of the administrative and political reforms of the state. The Federal Law № 119 On the Principles of Civil Service in the Russian Federation first time at the legislative level provided with a definition of the concept of the civil service as a professional activity to ensure the exercise of powers of the state bodies. It also established the categories and positions for civil servants, principles of public service, adopted the list of qualifications for civil servants as well as the basis of their legal status. The Federal Law № 154 On General Principles of the Organization of Local governments and municipalities in the Russian Federation set up the groundwork for activities and state guarantees as well as responsibilities for local government bodies and officials. The main idea behind the decree was to ensure the independency of local governments and municipalities, which

was guaranteed by the Constitution of the Russian Federation (The government of The Russian Federation 1995).

The Office of the President for Public Relations was established with the purpose to organize the study of public opinion on the socio-economic and political development of the country in addition to the activities of the public authorities; the interaction with the press services and Mass Media; preparation of proposals to the President of the Russian Federation on public policy regarding the media; ensuring on behalf of the President the activities of advisory bodies under the President of the Russian Federation (The Government of The Russian Federation 1996).

In 1999 the country experienced a severe systemic crisis which resulted in hyperinflation and industrial stagnation in economics and social polarization of the population, including the gap between rich and poor, exacerbation of ethnic, religion and social conflicts. The practical implementation of the administrative reform was postponed until 2000 (Bagrov 2003: 234).

In the course of sociological research (Figure 6 and Figure 7), was noted a discrepancy between the results of the reforms and state government expectations along with a big discontent against the public authorities.

**What, in your opinion, are the main results of the seven years of Boris Yeltsin's presidency?**

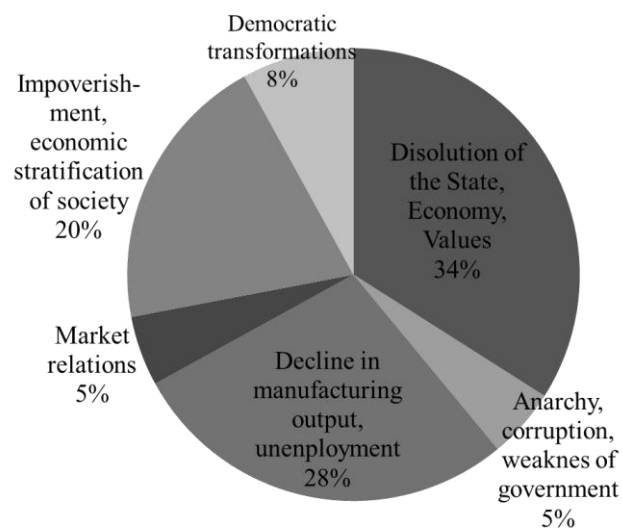


Figure 6. The main results of Boris Yeltsin's presidency; 1500 respondents. (Fund of Public Opinion 1998)

**How, in your opinion, do the civil servants of local and federal government bodies comply their duties?**

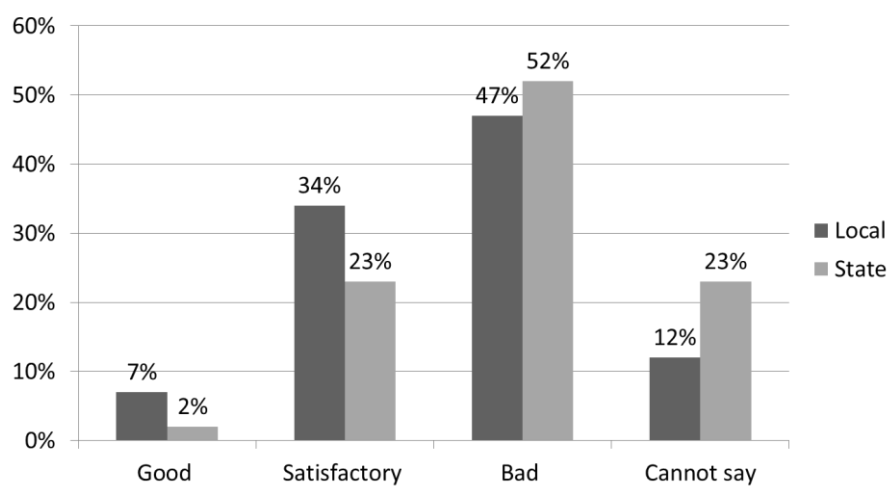


Figure 7. On the work of Russian civil servants, 1500 respondents. (Fund of Public Opinion 1998)

The core reasons that were also mentioned in the survey “On The Work of Russian Officials”, the respondents indicated various reasons that affect state inefficiency: disturbing number of civil servants (37%), the civil society do not have control over civil servants’ activities (31%), the government is not able to control their activity (28%), low professional level of public officials (24%), the last but not the least, impunity for committing financial and other crimes (21%) (Fund of Public Opinion 1998).

#### 6.4. Third stage of the administrative reform: 2000- 2016

First Message to the Federal Assembly "What kind of Russia we are building" the President of The Russian Federation Vladimir Putin (2000) proclaimed that the strengthening of the state would remain a major objective for the new government, "further insignificant talks will not be longer accepted".

Few years later, Vladimir Putin specified the main obstacles for the successful conduct of the Economic Reform, which according to the President were grounded in “insufficient effectiveness of the state apparatus and inconsistency of the number of civil servants to the quality of their work”. It was stated to reduce radically the functions of the state authorities, improve the public management procedures aimed to develop the communication and dissolve the issues between the authorities and society (Vladimir Putin 2003).

The Decree № 824 On measures to implement the administrative reform in 2003-2004 defined the priority areas of the reform (The Government of The Russian Federation 2003):

1. Divide powers between the different branches of power; determine functional responsibilities for each element of the state bureaucracy;
2. Reduce the number of the state authorities, increase salaries of civil servants and ensure their professional competence;

3. Reorganize the state apparatus, insure the balance between functions of the political leadership and government control, regulate the budget spending

To oversee the implementation of the Decree № 452 a special commission comprised of the representatives from the President Administration, heads of federal executive bodies, representatives of executive bodies as well as from local government and municipalities was established (The Government of The Russian Federation 2003).

In 2010 the administrative reform demonstrated first results. Total amount of the federal executive bodies counted 5634 functions, 1468 of which were recognized as redundant, 263 with similar or overlapping functions, 868 required changes (The President of Russia 2010). Planned transformations were based on the ideas of separating the functions in accordance with strategic and operative state management, typical for administrative reforms held in Western European Countries. Four groups of functions were identified: on the adoption of legal regulations, on control and supervision, on the management of state property and on the provision of public services.

Thus, in accordance with the Decree № 314 On the System and Structure of Federal Executive Bodies, four groups of executive federal bodies were identified (The Government of The Russian Federation 2004):

1. The Federal Ministry is a federal executive body that exercises functions for the development of the state policy and legal regulation in its field of responsibility;
2. The Federal Service is a federal executive body that exercises control and supervision functions in the field of responsibility, as well as special functions in the defence and security of state, prevention of crimes.
3. The Federal Agency is a federal executive body that provides public services in the field of responsibility, manages state property and law enforcement functions, besides the functions of control and supervision.

The structure of federal executive bodies proved to be very unstable, numerous changes and additions were made within next years. For Instance, Decree № 1274 On the issues of the structure of federal executive bodies re-established the state committees.

According to the Decree, the State Committee was founded for carrying out the functions on elaborating state policies and legal regulation, controlling and supervising, providing state services and managing state property. Thus, the functions that speciously were spited between various federal executive bodies were combined under one roof again. Return to the state committees departed to a certain extent from the original ideas of administrative reform adopted in 2003 (The Government of The Russian Federation 2007).

As of April 2017, the structure of the Federal bodies of the Russian Federation consists of 21 federal ministries, 17 federal services, 15 federal agencies, and 11 state committees (The Government of the Russian Federation 2017).

Reorganizational measures in terms of reformations since 2004 have been usually related to abolishment of one executive body and transfer of its functions to another executive branch. The process of abolition in recent years has mainly affected the federal service and federal agencies, to some extent completely breaking the objectives of the administrative reform, meaning returning the functions of state control and supervision along with the provision of public services back to federal ministries (Zanko 2015: 1242).

One other issue of the administrative procedures was that quite many questions within departments or federal bodies were resolved through the adoption of interdepartmental documents developed by the authorities themselves. Inefficiency and non-transparency of decision-making processes had a negative effect on building trustful relations with civil society. As a result, it was admitted that in order to continue the reform, is necessary to develop a theoretical basis. It was established that the poor quality of public administration can be overcome by the development and implementation of administrative regulations with the aid of information technologies (Matveev 2011: 10).

In the course of realization of a new strategy, the Government of the Russian Federation adopted the Resolution № 679 On procedures for the development and approval of administrative regulations aimed at executing state functions and administrative

regulations with regard to providing public services. Thus, the purpose of the document was to formalize the activities of executive bodies, interactions within federal executive bodies, along with the procedures of implementation of certain managerial tasks. Official regulations of civil servants have been also developed, including individual job regulations, which established the range of duties, powers and responsibilities for civil servants, Federal Law № 89, 2004. In addition to regulations, the government adopted a series of normative legal acts that established the official in-office regulations for federal executive bodies (The Government of The Russian Federation 2004, 2005).

Extension of the administrative regulations, according to the conception, must have been accompanied by the creation of effective mechanisms for pre-trial appealing the decisions of executive bodies and officials (Matveev 2011: 12).

Among the tasks to be accomplished in the course of the administrative reform the government designated the improvement of management procedures. The Decree № 825 On assessing the effectiveness of the activities of the government bodies of the constituent entities of the Russian Federation approved a list of indicators (The Government of The Russian Federation):

1. Result-based management involved the development of key performance indicators for executive bodies and civil servants in order to assess the pace of attainment of goals as well as determine personal responsibilities.
2. Development of public services standards included preparation of a legal framework, creation of service registers, development of e-government services, the last but not the least launch of open government networks.

Next steps in this direction were made towards implementation of measures in connection to the Federal Law On the of consideration of complaints submitted by citizens, local normative legal acts On the procedure for personal reception of citizens in various federal executive bodies as well as On the procedure of providing access to information on the activities of local state authorities (The Government of The Russian Federation

Seven years after the first stone of the administrative reform was laid, Dmitry Medvedev noted,

*“It is necessary to achieve transparency, clarity and simplicity in everyday relations between the state and the citizen...It is essential to understand that the state officials must serve people, rather than decide people’s destinies, this is a core idea of the democratic state... People perceive officials as representatives of the State who are accorded authority to ensure the processing of people’s demands... Their activities should not discredit the State.”* (Medvedev 2010.)

#### 6.4.1. Anti-corruption measures and outcomes

The above measures are fully applicable to prevent cases of violation of ethical norms by public servants and moreover, corruption. The change in the situation in the field of fighting against corruption was associated with signing the international documents in 2006 On ratification of the UN Convention against Corruption. Hereafter, on the initiative of the President Dmitry Medvedev, various orders and laws were adopted for the sake of constructing a fundamental basis for legal system and legal culture. The Federal Law № 273 On fighting against corruption can be considered as a starting point (The Government Of The Russian Federation 2013).

With a view to increasing the effectiveness to counter corruption, the following core measures were recognized efficient (Public Service 2013):

1. Formation in society of an intolerant attitude to corruption;
2. Incensement of labour remuneration and social security standards of state and municipal employees;
3. Unification of rights and laws for state and municipal employees;
4. Formation of a single system of restrictions and permissions for the relevant field of activity;
5. Ensuring citizens' access to public sector information;
6. Improvement in the management and control of state and municipal property and resources;
7. Reduction of number of public servants;
8. Transfer of particular public authority functions to private organizations...



National anti-corruption plan for 2016-2017 adopted by the Government (2016) defines the conflict of interests as a situation in which the personal interest of a civil servant (direct or indirect) affects or can affect the proper, objective and impartial performance of his/her official duties. Personal interest is understood as possibility to obtain certain benefits either by an official him/herself or by any other third party. Defines the conflict of interests as a situation in which the personal interest (direct or indirect) of an official affects or can affect the proper, objective and impartial performance of his/her official duties. Personal interest is understood as possibility to obtaining by a public servant or any other third party various benefits. Meanwhile, anyone who notices the abuse of authority should report to the relevant state bodies.

According to the Decree № 613 the civil servants and other public officials under the civil service legislation and the Anti-Corruption Declaration must annually submit declarations on income and property, not later than April 1<sup>st</sup>. Besides reporting on the state of incomes, the officials must declare of their expenditures, including the expenses of their wives/husbands and children. The financial sources, due to which business transactions were closed, must be also mentioned in the Declaration. Civil servants, according to the law, have no right to be engaged in any commercial or entrepreneurial activities or have accounts in foreign banks. Shall the civil servant to fail these requirements, an administrative punishment will be imposed, up to dismissal due to loss of trust (The Government of The Russian Federation 2013).

According to the Council of the President for Countering Corruption, 8,500 declarations of civil servants were checked in the first half of the 2015, disciplinary measures had been taken against 4,000 public servants, 272 officials were dismissed (TASS News Agency 2014).

Following this course, more than 20,000 various violations related to corruption were identified in 2015, among them over 5,500 notifications of attempts to persuade civil servants to corruption or receive bribes. According to the same course, almost 3,000 criminal cases were prosecuted, 1,700 civilians accused, 340 civil servants were

dismissed on a loss-of-confidence basis for corruption-related violations (Lenta.ru 2016).

The estimated number of civil servants in 2015 was 2 million 176 thousand people, which is 148,5 officials per 10 thousands people. For comparison, according to the Central Statistic Board of the USSR, the largest number of officials in the Soviet Union reached 2,03 million in 1985, that is 73 civil servants per 10 thousand people (RBK Economics 2014). The growth in number of civil servant in federal executive bodies continuously increases, the numbers are shown in the table below.

<b>Exacutive bodies</b>	<b>2000</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>
Federal Level	28.5	30.2	35.7	37.3
Regional Level	374.1	560.2	635.4	1188.9

Table 3. Number of public service employees (in thousands) in federal executive bodies (Federal State Statistics Service 2016)

The statistics show an evident inconsistency with the measures of the national plan to combat corruption, specifically in terms of reducing the number of civil servants and transferring certain functions of state institutions to private organizations. The reason for inability to assigning the state-activities to outsourcing is thought to be the lack of mechanisms approved by laws or administrative regulations as well as by set of requirements for organizations that can implement the state service (Vasilieva 2015: 6).

At the present moment there are three types of organizations that are empowered with responsibilities to provide administrative services (Vasilieva 2015: 5):

1. Quasi-private organizations that implement state services/function in certain areas;
2. Agents of state bodies that promote the implementation of public services. These organizations do not exercise authority as such, but are linked to management processes in order to assist the authorities.

3. Organizations that in parallel to public authorities provide public services to citizens on a commercial basis. Such organizations assist to prepare necessary documents for a fixed official fee, thus accelerating the process of providing public services.

Hence, such private organizations act as parties of the administrative relations, to some extent vested by a status of a public authority.

#### 6.5. Results of the administrative reform: Social perspective

Within past years quite many global and national institutions have been involved into the process of analysing the level of various indicators in regards to economic, political and social life of the Russian Federation. The main figures derived on the topic of corruption and government efficiency will be investigated below; possible reasons which cause the present political situation on the field of administrative management will be proposed correspondingly.

Indicators	2004	2016
Satisfaction of citizens with quality and accessibility of/to public services	14% (Fund of Public Opinion)	95,6% (Ministry of Economic Development of the Russian Federation )
Government Effectiveness (World Bank)	43.9%	48.1%
Rule of Law (World Bank)	19.1%	26.4%
Control of Corruption (World Bank)	25.4%	19.2%
Corruption Perception Index (Transparency International)	90 out of 145	131 out of 176

Table 4. Summary of main dimensions (Fund of Public Opinion & Ministry of Economic Development & World Bank & Transparency International)

According to the Figure 11, two indicators of the World Bank - the effectiveness of public administration and the quality of public services demonstrate a positive trend. The Russian government has managed a consistent and correct priority in regards to providing public services as well as establishing e-government system which resulted in growth of people's satisfaction. In pursuance of national statistics, the rating of transparency of federal executive bodies by results of 2016 was set at the average of 49%; evaluation of public services provided online were estimated at 4.2 out of 5 possible; the performance of multifunctional centres for providing public and municipal services was evaluated at 82%, however only 45% of respondents were aware of the existence of these centres (Russian Public Opinion Research Centre 2016).

Russian experts are pointing to a number of reasons that lead to slow rates of development of the administrative management and system overall, which arise at the top levels and stream down to front lines of public services (Dmitrieva et. al 2016: 14-35):

1. Formal execution of tasks by changing methodology;
2. Delay in execution of tasks with reference to long process of approval of a plan, order or regulation, etc.;
3. Choice of the most expensive solution out of number of possibilities – officials do not participate in discussions (4% of federal projects do usually receive an alternative proposal);
4. Lack of information available on the webpages of the public authorities;
5. Non-participation of citizens and legal entities in public control over implementation of administrative measures. The government is unable to organize an execution of federal and regional laws that would simplify the establishment of civil institutions;
6. Subjective and heterogeneous system of guarantees and benefits provided to public servant, depending on authorised body;
7. Financial bonus as main tool for increasing the quality of public servants outcomes (33% of the officials from the federal government proclaimed bonuses as best motivation, 28% voted in favour of increase of control and 20% supported to raise the level of personal responsibility);

8. Archaic system of remuneration of civil servants, absence of a merit based career development system.

Proceeding to the indicators on the level of corruption derived by a global civil society organization Transparency International (Figure 11) a considerable drop in comparison to 2004 has been recorded. The causes of the low indicators can be analysed with the help of Table 5, which provides the data on a sociological survey on people's perceptions of the problem of corruption.

As it shown in the Table 5, the situation is quite ambiguous. Respondents estimate the level of corruption quite high; meanwhile do not deny the possibility to violate the law if necessary. Accordingly, this attitude towards fulfilling one's duties as a citizen leads to the promotion of instability in the country. However, citizens are tending to shift responsibilities to executive and supervisory bodies, arguing that the welfare in the country depends on the effectiveness of public administration. In this regard, it could be concluded that the institution of civil democratic society in Russia is only on the road to foundation; people do not recognize personal responsibilities and do not put personal effort into developing an effective state.

Question	Year	Index in %		
		High	Low	Middle
Is the level of Corruption in Russia high or low?	2009	86	1	9
	2011	81	2	10
	2014	66	2	20
Do you agree with the following assertion: every person will take a bribe, if it is offered		Yes	No	Cannot say
	2006	54	39	7
	2012	50	43	7
Do you condemn those who take bribes?	2014	51	40	9
		Yes	No	Cannot say
	2006	70	21	9
	2012	67	24	9
	2014	61	29	10
Do you condemn those who give bribes?		Yes	No	Cannot say
	2006	34	54	12
	2012	44	45	11
	2014	42	45	13
		Yes	No	Cannot say
	2012	43	39	18
Do you allow the possibility that in certain situation you would give a bribe to an official?	2014	39	47	14
		Yes	No	Cannot say
	2008	21	66	13
Do you believe, the implementation of laws and regulations is properly controlled by the law enforcement agencies?	2014	34	51	15
		Managers	Laws	Cannot say
What is essential for Russia: good managers or good laws?	1997	54	35	11
	2001	62	26	12
	2014	61	25	14

Table 5. Public opinion on Corruption in Russia, 1500 respondents (Fund of Social Opinion 2014 & 2015)

Subordination of power in society and the self-perception of society in the state play a major role in stabilization of democratic principles. The attitude of the citizens towards the state and public institutions is an important element of legitimacy of the political regime, which predetermines the degree of stability of the political system.

Table 6 highlights the recognition of Russian citizens of the political and institutional system.

Question	Year	Index in %				
		Yes	No	Cannot say		
Is Russian Society organizaed fairly?	2007	12	68	20		
	2011	12	61	27		
	2017	23	61	16		
		Yes	No	Cannot say		
Is Russian Society organizaed more fairly than in 1970-1980?	2007	20	50	30		
	2011	19	52	29		
	2017	22	58	20		
Are there people who receive any sort of help from the State, but due to matter of common justice, should not?	2017	Many	Few	No one	Cannot say	
		27	24	17	32	
If yes, who are these people? (top 5)	2017	Deputies	Officials	By fraudulent conduct	Oligarch	Government
		10	8	7	4	4
Do/Do not Russian authorities want or Can/Can not make Russian society more equitable?	2017	Want and Can	Can, but do not want	Want, but cannot	Cannot and do not want	Cannot say
		18	39	21	13	10
What should Russian authorities do to make the society more equitable? (top 5)	2017	Fight against corruption	Issue fair laws/ observe the laws	Care about people	Enhance quality of life	Enhance the efficiency
		12	8	8	7	7
Does Civil Society exist in Russia?		Yes	More likely yes	More likely no	No	Cannot say
		8	17	18	16	42
		President	Government (Exacutive)	State Duma (Legislative)	Federal Council	Mass Media
Approval of the activities of state institutions and Mass Media	2007	81,8	40,5	27,7	28,7	52,0
	2011	58,6	47,6	32,0	30,0	55,0
	2016	82,6	60,2	47,7	46,6	62,5

Table 6. On justice in Russian society, 1500 respondents (Fund of Public Opinion 2017 & Russian Public Opinion Research Centre 2016)

According to statistics, only 8% of all respondents are confident about the existence of the civil society in the Russian Federations, almost 83% approve the activity of the president in comparison to 18% who are really confident about the intentions of the state bodies of legislative and executive power to work on the improvement of quality of the state processes. Legitimate power is effective only when it corresponds to the expectations of citizens, so the source of legitimacy should come from the people, their cultural values, and stereotypes of social consciousness. The attitudes towards

government as well as society overall can be a good indicator of how democratic or authoritarian values are rooted at the level of social and political institutions.

Many data indicators point at a low level of support of market and democratic reforms due to a painful adaptation to the realities, which created a disappointment, pessimism, and hostility in some people towards political and economic changes. The crisis of trust in state authorities during the process of post-communist transformation happened due to economic difficulties, decrease in the standard of living, above anything else due to the fact that the old political institutions were completely discredited and the establishment of new ones came at the time of economic depression (Sedov 2006: 70-71).

Distrust in Russian elite as well as Mass Media, lack of communication between the new public authorities and population, lead to loss of public interest to be proactive in political or municipal life, 73% of the surveyed never participated in any decision-making or problem-solving activities of their municipalities, 94% never took part in a campaign for or against any legislative initiative, 86% has never been members of a trade union or social organizations (Fund of Public Opinion 2014).

The growth of authoritative syndrome of the president is caused by the ineffectiveness of political governance which resulted in a sharp increase of social inequality, corruption and impoverishment of the population. The president has become a key factor for the stability of political regime. Formation of a personified regime has advanced the formation of various political and social institutions. Russian people at certain point handed over all political power to the president apparatus in exchange for economic and social reforms, which should have led to economic prosperity and social security. "People's waiver of their civil rights and responsibilities is accompanied by a simultaneous relaxation in regards to resistance against anti-democratic tendencies in the country" (Gudkov 2007).

*"The more vigorously the monarch exercises the authority, the more difficult is to transfer the authority to another institution."* (Huntington 2006: 178.)



Most Russian citizens believe that democratic procedures are created just to make an impression that Russia is a democratic state. In its turn, the country is ruled by oligarchs and corrupt officials. The growth of “political poverty” resulted in the situation that political power is narrowed in a tight circle of the ruling elite. Thus, “political poverty”, which proceeds out of social inequality, generates authoritarian tendencies in Russian society (Gudkov 2007).

Since the political power in people’s consciousness is associated with the wealth achieved through corruption methods (ex.gr. privatization in 1990s), social and economic inequality has become a core factor for developing mistrust towards authorities along with provoked attenuation of principles of social capital. Clearly such a situation discredits the basis of public institutions and their role in state and social system.

## 6.6. Conclusion

The analysis of the administrative reform and the key driving factors that led the Russian government to modernize the principles of the country's development according to economic and democratic scenario was reflected in three main stages of the administrative reform of the public sector. The main sources of the analysis of the public administration and administrative management principles were the historical literature of the state policy in Soviet period, government regulations and plans aimed at developing public sector, as well as sociological research bound for studying public opinion in the field of institutionalization and government efficiency.

For many decades the administrative reform proceeded through various attempts of implementation. It was caused by fundamental inconsistency of the state policy and management in the economic sector to the principles of globalization. In the late 1980s, when the state management crisis reached its peak, the political course was slowly turned toward radical changes. The government proclaimed the basic principles of modernization, which were built upon the ideas of a market economy and the

effectiveness of public management, which prerogative was to stabilize the state system through observation of public interests.

Attempts to achieve this goal have been ambiguous over the past 25 years. The change started with the synthetic methods of demolishing the communist ideology of governing and communist social consciousness in general. It continued with economic reforms that provoked the disappointment of society in good intentions of officials to stabilize the state, and later converted in full restructuring, decentralization and the creation of supervisory regulations as means for managing the state system and public organizations.

To achieve results in the field of public administration, political and state institutions have taken the path of a hierarchical controlled subordination. In order to fulfil the objectives of the administrative reform in the field of management effectiveness, including the provision of public services, the strategy took a form of formalization, standardization and specification of functions, responsibilities of state bodies and civil servants.

Carrying out the reforms through implementation of measures from top to bottom points at an artificial essence of mechanism used for influencing the consciousness of public sector. Thus, the value orientations are not naturally modified by globalization principles and values. On top of that they are introduced through regulations and control, which results in formal execution of duties of state institutions and public employees along with violation of ethical principles and laws. Moreover such an issue produces an impact on the civil society and its perception of government performance and effectiveness of measures implemented in accordance to the administrative reform.

## 7. CONCLUSION

The main issue of this work is how cultural characteristics affect public management has been examined in detail. Theoretical material on the state administrative management and cultural values orientations of society were studied to answer the question posed. The empirical part of the work consisted in the analysis of the case study on public management methods used with a purpose to modernize the state administrative system and to determine how the methods correlate or been dependent on cultural value characteristics.

### 7.1. Conclusion and findings

The objective of this work was to deduct which public management methods have been implemented in the Russian Federation in accordance to principles of democratization and market economy development. Value orientations and expectations of society are constantly influenced by globalization factors; therefore in order to meet these requirements, state institutions must enforce the policy in such a way that it guaranties the development of state and social sector. Despite everything, the process of adhering to chosen strategy can be influenced by a number of circumstances that can lead to either deformation of means and tools to accomplish the goals or their formal achievement.

The issue was investigated through analysing the methods of modernization and stabilization of the state administrative and institutional sector implemented by the government of the Russian Federation along with evaluation of public reaction to government's activity, since people are the consumers of the product of state administrative management.

The state apparatus is an authorized representative of the society and has a right both ethically and legally to represent the interests of people and ensure their well-being. In the process of studying the issue it was revealed that in order to achieve the status of an

effective state, it is necessary to meet numerous parameters. First and foremost, to correlate available resources with the set goals as well as to develop a concrete gradual plan for the process's performance, taking into account cultural characteristics of the society (civil servants) and its ability to perceive new policies and arrangements. Cultural values and social attitudes of society and its elements have evolved over decades, which make the transformation quite a labour-intensive and resource-consuming process. The study showed that the extensive method of carrying out reforms, that is, delegation, enforcement, restriction and control, are chosen due to the same cultural features but already managerial, which have been adapted and recognized effective in the past for stabilizing and achieving results in the shortest possible time.

New Public Management as a way of developing entails specific capacities. Therefore, in order to embark on this way the state institutions must meet special requirements and rational bureaucratic attitudes. Due to incompleteness of these alignments in the state apparatus, the procedure of introducing new public management methods cannot be accomplished by virtue of the fact that the government needs to make up for the delay and create a rational positive bureaucratic system in order to incorporate gradually the business management techniques. Hence, to make it possible, majority of public officials and public servants should be ready in a view of their loyalty to change, meaning associate themselves with a new course of development and values it implies.

New Public Management determines characteristics that the administrative bodies should possess, but does not provide specific directives on how to create an efficient government. There are many examples on how Western countries have embarked on the way of NPM, but the methods and tools to use depend on each individual case. Application of same methods does not guarantee same results. Thus, creating a concept of change is the result of a deep analysis, which shall be based on cultural and historical features of the development of public administration and public sector. The strategy must be supported by appropriate actions, and actions should rely on interaction between the government and society as well as the government and civil servants, considering the goals, values and attitudes towards the content of public services.

Case study showed that the Russian public management has taken the path of modernization in accordance to market economy and achieved great results over the past decade. Although, the features of the “old” style management keep providing an impact on the measures which public figures derive in relation to the administrative reform. The main objective for government and public servants is to work for benefit of society, although in case of the Russian Federation a great distance between the society and government turns into an obstacle. The citizens do not participate in the state decision-making and governance in general, which causes peoples’ dissatisfaction with their social position and disapproval of the performances of public officials. This, as it has been concluded, leads to weakening of civil society as a guarantor of peoples’ rights and freedoms. Established management mechanisms such as standardization and control form a distance of power and hierarchy, at the same time create conditions of imposition of rules and regulations. The degree of effectiveness of the public sector reform is reflected in various statistics, which vary under the influence of circumstances. How effective the public management will be in future, only time can show.

## 7.2. Reliability and limitations

Various sources have been used with the purpose to answer the research question, such as historical literature, laws, social surveys, state statistics, and articles. A qualitative research method gave a perspective to consider the influence of cultural characteristics of society and its elements on the process of modernization of the public sector.

The paper examined the main methods of the administrative reform and the assessment of these methods and results by the society in regards to citizen’s satisfaction and trust in state power. The administrative reform of the Russian Federation focuses on a wide range of the state and social life elements. This paper, aimed to examine the main aspects of the public administration in the field of public sector order and efficiency of public management techniques, including the provision of public services and execution of national anti-corruption plan.

### 7.3. Suggestions for future research

150 years since the administrative reform and public administration have been studied by sociologists, political scientists, economic scientists and others. Implementation of the administrative reform in post-communist countries, especially in the Russian Federation, as a successor of the communist system, is of a particular interest due to combination of various contradictory cultural components, objectives, home and external policy orientations.

It would be interesting to understand how the ordinary civil servants on various hierarchical levels of public organizations and institutions perceive the public sector reforms. Along with that, how administrative regulations are reflected on public servants' performance and personal attitude in terms of being in coherence with their personal value orientations. By conducting this research, it would be possible to obtain more detailed information on the effectiveness of the public sector reform measures; beside to assume whether there was an alternative way to construct an effective government and modernize public sector when including citizens (ordinary public servants) into decision-making processes.

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